NHS Employers' submission to the NHS Pay Review Body 2023/24

11 January 2023

Contents

Key messages

- Employers are currently experiencing exceptional workforce challenges. Despite everything the NHS is doing to recruit and retain its workforce, the service is facing unprecedented service pressures and significant workforce shortages in key areas.

- Even though there are record numbers of staff employed in the NHS, there are also a record number of vacancies. Investment in staff numbers has not kept pace with population need.

- The latest NHS Staff Survey (2021) results highlight the range of pressures on the NHS. It is clear there is a need for action to address these challenges, which will require continuous investment in workforce supply and education, to increase staff numbers and reduce pressures on staff. Investment is also needed in social care provision, capital and public health to reduce demand for services in the longer term and provide improved facilities and technology.

- With the NHS already operating under an unprecedented amount of strain, this will now be further compounded by the confirmed industrial action by trade unions representing significant parts of the NHS workforce.

- For the NHS to fully recover long-term from the pandemic, tackle the waits for treatment for our patients, and support its staff, it will need the government to provide the necessary investment for an ambitious and sustainable long-term plan for the workforce.

- The workforce plan being developed for the NHS, and due to be published in spring 2023, is a hugely important step in addressing the consistent failure to invest in the numbers of staff working in the NHS. Its implementation will give staff some hope that help is coming, particularly given the exceptional service pressures that they are facing.

- Investment in the plan is therefore hugely important. There are real opportunities to develop ways of working to support the ambitious programmes of transformation being developed by integrated care boards (ICBs) and integrated care partnerships (ICPs).

- The newly statutorily established ICBs and ICPs present a real opportunity to improve the health of the population through an approach which is focused on all the factors that promote health. There is real alignment between the NHS organisations that employ most of the people working in the NHS and the systems in which they are key partners.

- There is the ambition to ensure that the consideration of workforce in systems looks at colleagues working outside the statutory NHS to include the independent contractors working in primary care and providers of social care. There is real concern that much needed investment in the NHS workforce is taken forward without similar attention and investment in primary care and most especially social care.

- Systems and employers recognise the immediate problems of mounting staff dissatisfaction with investment in pay. Whilst some progress was made in the pay deal agreed in 2018, the benefits of this deal have been eroded by the high cost of living experienced by staff as well as by freezing of tax thresholds and increased pension contributions for lower graded staff. There are reasonable arguments that could be brought forward that staff have seen the value of their pay significantly reduced in real terms over the last decade or more.

- Employers support sustained investment in the pay system for the benefit of all staff, with clear priorities for targeted action, namely:

  – Establish a future-proofed plan to create and retain a sustainable competitive market position on pay for entry level roles in the NHS, to align with planned changes to the statutory National Living Wage and the expected trajectory of Living Wage Foundation rates of pay.
  – Develop a sustainable plan for more appropriate pay increases to be received on promotion between the pay bands.
  – Better support future pay and earnings progression - particularly for graduate entry roles and experienced professionals - that is short of the additional responsibilities (and pay) shouldered on promotion.

- Employers are supportive of the work currently being progressed via the NHS Staff Council on the review of nursing and midwifery job profiles; this will ensure that the profiles in use continue to properly reflect the continuous developments in nursing and midwifery professional practice.

- Any pay award must be fully funded and affordable. The failure to fully fund the pay award announced in July 2022 meant that money had to be found from within existing budgets and reduced the funding for investment in key service improvements.

- It is also important to bring the timetable of the pay review body round back to normal, enabling a return to prompt implementation and payment of pay awards. Prompt decisions and the implementation of pay awards on time and on the effective date benefits all staff (particularly in the present and challenging high cost of living environment). It also removes the additional administration burden associated with making retrospective payments and the need to make temporary adjustments to ensure compliance with any confirmed changes to the National Living Wage.

- Long standing taxation issues linked to managing pensions savings continue to affect significant parts of the NHS workforce; employers continue to press for further simplification of current taxation arrangements. There is also a pressing need for new flexibilities to be introduced, with a particular focus on lower earners, to support access and continued scheme membership linked to this valuable benefit.

- With the freezing of income-tax thresholds and increased NHS Pension Scheme contributions for some, there is potential for staff in the NHS to experience further compounded negative impacts on take-home pay in 2023.

- There is a need for, and investment in, a modernised national reporting and monitoring infrastructure for the NHS Job Evaluation Scheme. This would enable proactive interventions, and important data and evidence to support workforce planning; it would also help employers to re-enforce and demonstrate their continued commitment to a key underpinning principle of the pay system of equal pay for work of equal value.

Financial challenge

The additional £3.3 billion revenue budget funding announced in the recent Autumn Statement is welcomed and will partially help shield the NHS from some of the current inflationary pressures (providing inflation begins to fall in line with forecasts from the Office for Budget Responsibility (OBR)). However, this needs to be backed up with a sustainable and longer-term financial settlement to enable the NHS to address the underlying challenges facing the health and social care system.

NHS capital budgets have not been protected from inflationary pressures. Capital spending and investment remains central to providing more effective and efficient services. The effects of reduced real-terms capital investment will be felt over time and will not help to reduce a growing maintenance backlog that has now built-up following years of underinvestment.

Workforce challenge

There are simply not enough people working in health and social care to meet rising levels of demand for services. Whilst NHS workforce numbers have increased by 2.4 per cent (headcount) in the year to August 2022, employers have told us that this growth has not been sufficient to keep pace with rising demand on services.

Our previous evidence submissions have confirmed employers' support for the strategic direction set out in both the NHS Long Term Plan and the NHS People Plan around the future of services and the transformation of the NHS workforce. While the principles in these plans remain, they must be properly resourced and supported by the government.

We strongly endorse the repeated calls from the review body for a transparent NHS workforce strategy. This would allow accurate forecasts of appropriate and safe staffing numbers and, in the context of current significant workforce shortages, would go some way to restoring confidence in NHS workforce planning processes.

High vacancies have impacted on service provision as employers cover vacant posts with agency staff and other temporary staff, which comes with significant financial impact. It can also create challenges in ensuring continuity of care.

The NHS Staff Survey shows that there has been a fall in staff confidence in whether staffing levels are adequate. In 2021, 23.6 per cent strongly disagreed that staffing levels were adequate, up from 21.6 per cent in 2020. There was also a fall in staff feeling able to deal with conflicting demands, which fell from 47.7 per cent to 43.4 per cent.

The 2022/23 winter pressures are expected to further exacerbate workforce capacity pressures. The NHS Confederation wrote to the then Prime Minister Liz Truss on her appointment, explaining that 'without urgent action this winter, the health service will face extreme pressure.' We expect the rising cost of living to be detrimental to

public health as we approach winter, with many households facing the choice between heating and eating. Evidence suggests that this will lead to more illness and sickness, putting more pressure on the NHS and our workforce.

In addition to increased demand, employers are dealing with a reduction in workforce capacity due to rising sickness absence rates. As of July 2022, total staff sickness absence was 6.1 per cent, with the most common reason for absence being anxiety/ stress/ depression/ other psychiatric illnesses, which gives employers further causes for concern in relation to staff retention.

NHS staff were working under pressure even prior to the COVID-19 pandemic, but the pandemic brought increases in the amounts of pressure on NHS staff and has led to many staff experiencing symptoms of burnout. This position has continued beyond the pandemic and many staff report their concern that they cannot properly do the job that they have been trained to do. The NHS Staff Survey shows 34 per cent of staff report feeling burnt out at work.

Presenteeism is also impacting workforce productivity. The NHS Staff Survey asks staff: 'in the last three months have you come to work despite not being well enough to perform your duties.' The data on this question was stable at 56 per cent from 2017 to 2019. This figure fell to 46 per cent during the pandemic and then rose again to 54.5 per cent in 2021. While the decrease could have been due to COVID-19 related restrictions on attendance post testing, this raises further concerns for employers around patient safety and staff health and wellbeing.

Current competitive labour market

The current competitive labour market is adding to NHS employers' workforce challenges around attraction, recruitment and retention, particularly in lower-banded roles where other sectors can offer competitive reward packages.

The Institute for Employment Studies (IES) reports that:

- Private sector pay is now £25 a week higher than pay in the public sector, with pay growth in arts, recreation, leisure, wholesale/ retail, professional jobs, and finance/ insurance all operating above current high inflation levels.

- The gap between public and private sector pay is also growing, and this is likely to be seen as an important driver in the continued staff shortages and retention problems across public services.

- Vacancies are continuing to grow in the public sector, likely in part reflecting more people leaving public sector jobs for better paid work in the private sector, as well as continued struggles to recruit new staff in a highly competitive labour market, particularly around entry-level roles.

Unemployment is now at its lowest levels since 1974, but with employment growth flat and rising numbers of people not looking for work and/or not available for work, low unemployment is due in part to more people leaving the labour force entirely rather than more entering work. This growth in economic inactivity is being driven by fewer older people in work and more people out of work due to long-term ill health.

With two-thirds of the overall rise in economic inactivity being among those aged 50 and over, supporting staff to work longer and offering flexibility to attract and retain the workforce will continue to be an important focus for employers.

Encouraging the use of flexible retirement options and ensuring that ageing workforce initiatives operate effectively will help to support staff to work longer in the NHS, retaining skills and knowledge that would otherwise be lost.

Pay under the NHS Terms and Conditions of Service

The current pay system introduced in October 2004 has seen several alterations, the most recent of which were implemented as part of a three-year pay deal starting in 2018.

With each of the four UK countries having their own funding, workforce planning and staff development approaches, along with different policy priorities, there is an emerging challenge around divergence in country-specific NHS pay. Variations between countries have created tensions, and concerns about recruitment and retention challenges across borders.

The process of simplification and restructuring achieved in 2018 has had some important impacts:

1. The average value of the step between individual pay points is a lot higher, but also shows greater variety.
2. Staff in all pay bands will progress much faster to the top of their pay band than they did before 2018 (subject to meeting progression criteria).
3. Individuals that were previously spread across multiple separate points in their pay range will now move more quickly towards the top, so will experience one or two years of high-pay increases followed by dependence on the headline annual cost of living increase linked to in-year NHS PRB pay recommendations.

The NHS Terms and Conditions of Service (NHS TCS) allow for various payments on top of base salary for shift work, unsocial hours, overtime, and high-cost area supplements. At an individual level, these payments remain an important part of total remuneration and the composition of earnings as well as the overall competitiveness of the total reward offer.

Take-home pay is impacted by several factors, one of which is NHS Pension Scheme contribution rates. 91 per cent of the NHS workforce are members of the NHS Pension Scheme (based on an analysis of

ESR data as of June 2022). Take-home pay for most NHS staff has been impacted by changes to member contribution rates from 1 October 2022. These changes are most adversely affecting full-time lower earners, which is likely to increase with further scheme changes expected in 2023.

In addition, take-home pay for NHS staff will be impacted by the freezing of personal tax thresholds/allowances until 2028. We strongly urge the government to consider reversing the policy decision around freezing personal tax thresholds/allowances, which would enable staff to earn more tax-free pay in line with increases in earnings (if the basic threshold was increased) and reduce the numbers of staff subject to higher rate tax (if the 40 per cent threshold was also uplifted).

The importance of pay in the NHS

Base pay and take-home pay in the NHS are becoming an increasingly important issue with the rising cost-of-living pressures impacting on NHS staff. Increasing competition between sectors also means that base pay rates are becoming a recruitment and retention challenge for employers.

Pay in the NHS and across the public sector has also been falling relative to the private sector. This is shaping views of staff on the attractiveness of alternative employment offers for working outside of the NHS, even for relatively small and marginal differences.

Consumer Price Index including housing costs (CPIH) data demonstrates a real term pay decrease for NHS staff, shown in table 1 below. The 2022/23 pay award still represents a real term pay cut of around three per cent below inflation.

Date	NHS Pay Award	CPIH	Difference
Apr 2005	3.23	1.90	1.33
Apr 2006	2.50	2.20	0.30
April 2007	1.50	2.70	-1.20
April 2008	2.75	3.00	-0.25
April 2009	2.40	2.30	0.10
April 2010	2.25	2.70	-0.45
April 2011	0.00	3.80	-3.80
April 2012	0.00	2.80	-2.80
April 2013	1.00	2.20	-1.20
April 2014	0.00	1.70	-1.70
April 2015	0.00	0.30	-0.30
April 2016	1.00	0.70	0.30
April 2017	1.00	2.60	-1.60
April 2018	3.00	2.20	0.80
April 2019	1.70	2.00	-0.30
April 2020	1.67	0.90	0.77
April 2021	3.00	1.60	1.40
April 2022	4.75	7.80	-3.05

Table 1 – difference between NHS pay awards and CPIH from 2005-2022

Cost of living

With rising cost-of-living pressures, take-home pay is not going as far as it did previously, making continuing to work in the NHS financially unattractive for some members of the workforce.

Vacancy rates in the NHS reached an all-time high in September 2022 and employers are concerned the 2022/23 pay award will not help address this.

Employers are trying to ensure staff are aware of the total employment package and what they will be giving up by leaving the NHS, such as access to the NHS Pension Scheme. However, many lower paid earners are seeing their pension contributions increase and are opting out of the scheme to be able to afford essentials, meaning the value of the total package is decreased (see table 3 on page 57).

We look in more detail at the impact of the rising cost of living in our sections on reward in the NHS and supporting staff experience and wellbeing.

Implementation of the annual pay award

Employers are increasingly concerned about the impact of the delay of the pay award and the inability to implement this from its effective date of 1 April each year. There are many impacts of the pay award being delayed:

- The high cost of living this year has been felt more acutely.
- Staff feel like they are undervalued. This impacts on morale within the workforce and contributes to increasing retention risks.
- Delays in applying the pay award can create pension contribution arrears. This year, the delay resulted in additional pension contributions being owed by staff in bands 3, 5 and 8a, with the

amount of arrears owed by staff at the bottom of band 8a being less than the pay increase that was awarded. This undermines the value of the NHS Pension Scheme as a valuable part of the reward offer.

- Needing to adjust the bottom of the pay scale in April, if the minimum falls below the National Living Wage. We explore this further in section 2 of our evidence.

- Delayed pay awards also increase the processing time to make the payment correctly due to the need to calculate arrears. Employers also get more pay queries when staff get their pay award in arrears.

- We strongly urge that every effort is made to get the pay award timetable back on track to support future annual pay award uplifts being implemented on time and on the effective date (1 April).

Section 1 – Informing our evidence

We welcome the opportunity to submit our evidence on behalf of healthcare employers in England. We continue to value the role of the NHS Pay Review Body in bringing an independent and expert view on remuneration issues in relation to that part of the workforce covered by the 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 our regional network meetings of HR directors
- engaged with employers who are part of our reward and recognition; health and wellbeing; and staff experience networks
- carried out a survey to collect employer views on pay and reward
- maintained regular contact with our NHS Confederation colleagues who run networks with a range of employers.

NHS Employers acts 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 for the whole healthcare system.

Section 2 – Pay under the NHS Terms and Conditions of Service

The NHS Terms and Conditions of Service (NHS TCS), also known as Agenda for Change (AfC), sees around 1.3 million staff employed in the NHS. Figure 1 details how this workforce is distributed across the NHS TCS pay bands.

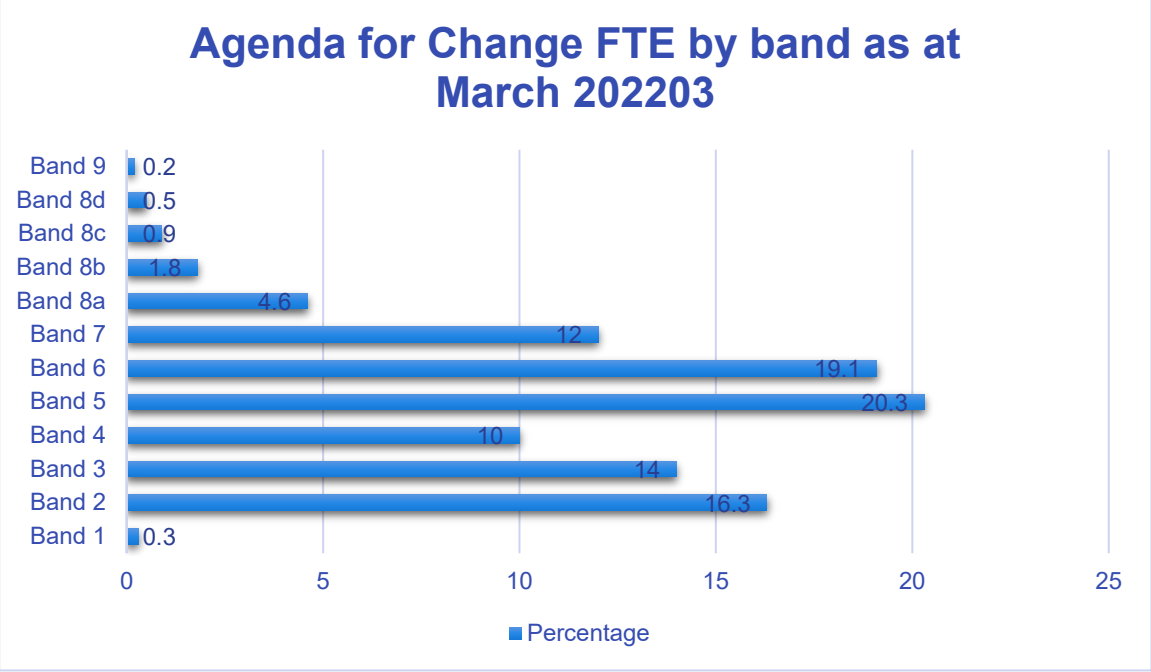

Figure 1 Source: ESR Datawarehouse as of March 2022

Staff under the NHS TCS receive pay from a number of different elements:

- **Basic pay.** This is aligned with the NHS TCS pay bands based on job weight, as measured by the Job Evaluation Scheme. Basic pay can increase through the annual national pay award, progression through a pay band, or promotion to a higher pay band.

- **Additional payments.** The NHS TCS provides for unsocial hours payments, overtime payments, recruitment and retention premia and high-cost area supplements (HCAS).

- **Local payments.** Individual organisations can make local additional payments as they see appropriate.

1. NHS entry-level pay

Beyond the boundaries of the NHS, the wider labour market in the UK remains highly competitive, particularly for entry-level roles. Employers across the NHS are continuing to report considerable competition related to recruitment and retention of staff into entry-level roles.

While the NHS can offer a competitive total reward package, it remains evident that many employers in other sectors are now able to offer hourly pay rates over and above the entry-level rates of pay in band 2.

There are also growing numbers of employers offering hourly rates of pay for entry-level roles that are in line with the Living Wage Foundation's (LWF) Real Living Wage.

To address these issues and to reduce future attraction, recruitment, and retention risks, it is important for employers in the NHS that a plan for an affordable, sustainable and competitive market position around entry-level pay is created. This plan will also need to assess some corresponding structural impacts to other parts of the main pay system.

In this section of our evidence, we outline the implications of making continued interim adjustments to the bottom of the NHS TCS pay scale to ensure legal compliance with changes to the National Living Wage (NLW), and we discuss the future interactions of the NHS pay rates for entry-level roles with the NLW in the short and longer term.

National Living Wage (and National Minimum Wage)

The government has mandated substantial rises in the NLW to achieve its policy objective of reaching two-thirds of median earnings for those eligible for the NLW by 2024.

Following the updated advice presented to the government by the Low Pay Commission (LPC), the latest increase to the NLW was confirmed by the government in the November 2022 Autumn Statement. This will see the NLW increase from its current rate of £9.50 per hour to a new rate of £10.42 per hour. This will deliver a significant increase of 9.7 per cent (92 pence) effective from 1 April 2023.

In addition, the LPC advice to the government also confirmed future forecasts for further uplifts to the NLW of 6.3 per cent in April 2024, to a rate of £11.08 pence per hour to enable the government's policy objective to be achieved (based on estimates and projections of median earnings rates).

Impacts of changes made to the NLW in 2022/23

As of 1 April 2022, the NLW has increased to £9.50 per hour. Due to the delay in implementing the 2022/23 pay award the lowest rate of NHS pay from 1 April 2022 remained at £9.49 per hour: one pence below the statutory rate. A temporary uplift was therefore needed to the spot salary of closed band 1 and the entry point of band 2 to ensure legal compliance.

In advance of the main pay award changes being implemented, this minimum rate was increased to £9.65 per hour from 1 April 2022 to adjust the bottom of the pay structure to ensure legal compliance and provide some additional headroom for the NHS against NLW rates of pay. This action required additional payroll activity ahead of the work planned for implementation of all main pay award changes in 2022/23.

As part of the implementation of the main 2022/23 pay award, pay for the closed band 1 and the bottom pay point of band 2 was further uplifted to a new rate of £10.37 per hour. All the main pay award changes confirmed for implementation for the 2022/23 pay award on the NHS TCS system were announced in July 2022, implemented in September 2022, and backdated to April 2022.

Impacts of future changes to the NLW announced for 2023/24

As the minimum rate currently paid by the NHS is £10.37 per hour, pay for the closed band 1 and the bottom pay point of band 2 will again need to be increased as an interim measure from 1 April 2023, to be legally compliant from this date (NLW confirmed as £10.42 from 1 April 2023).

Employers wish to reiterate the importance of timely decisions on main pay award changes being made and communicated by the government. Changes and uplifts to pay should be implemented on the effective date, so that employers can properly plan to implement the pay award with the required payroll system adjustments made, without the need for more complicated back pay calculations and linked arrears of NHS Pension Scheme contributions.

Further changes in future years to the NLW from 2024/25

Without targeted intervention it is very unlikely that the necessary changes to the pay round timetable will have been agreed to allow the NHS to implement the 2024/25 annual pay award from its effective date of 1 April 2024.

Therefore, to avoid a situation where the bottom of the pay scale needs to be adjusted again in April 2024, the projected NLW rate from 1 April 2024 should be incorporated into considerations and recommendations for the 2023/24 pay award. The LPC's current estimate for this rate is £11.08 per hour, however the current economic situation increases uncertainty around this estimated figure.

Mid to long-term action

Employers strongly urge the government and the Office of Manpower Economics (OME) to undertake urgent work to bring the PRB timetable back into a position where pay awards can be implemented on time and on the effective date (1 April). This would remove the need to make temporary adjustments to ensure legal compliance with any confirmed changes to the NLW.

In addition, employers would be seeking changes to entry-level pay rates in the NHS that establish a sustainable and competitive market position on pay for jobs at this level.

2023/24 pay round recommendations should consider the estimated future trajectory of the NLW as well as the rates of pay currently being offered by employers using LWF rates.

2. Basic pay

Even if there is additional investment by the government in the NHS to support the 2023/24 pay award, employers have considered how further investment in the pay system might be best made in terms of headline uplifts to rates of basic pay.

To support these considerations, this section of our evidence highlights the recruitment and retention challenges that employers are currently experiencing at different levels and provides examples of how employers are attempting to overcome these challenges through local initiatives.

Band 1 (closed)

Band 1 has been closed to new entrants since 1 December 2018. It is not considered as the entry level for people looking at starting an NHS career. There are now fewer than 3,000 full-time equivalent (FTE) staff at band 1, which is 0.3 per cent of the NHS TCS workforce.

Specific consideration should be given to an appropriate rate of pay for members of the workforce that remain within the closed band 1. This should be separate from the discussion surrounding pay at band 2 which, as the entry-level rate into the NHS, needs to be specifically considered within the context of attracting new entrants.

Employers are continuing to support staff working in band 1 roles to develop the additional knowledge, training and expertise required to move into a band 2 position.

Bands 2, 3 and 4

A significant proportion of the NHS workforce is employed in these lower NHS TCS pay bands (see figure 1 on page 16), in roles such as healthcare assistants and domestic support workers. Band 2 is the most populated of these lower pay bands and represents the entry-level into an NHS career for many employees.

Although these are the lowest paid roles within the NHS pay structure, they are a highly valued workforce group. The current difficulties being faced in attracting, recruiting and retaining staff at this level are a growing source of concern for employers. If left unaddressed this will have a significant impact on the ability to deliver NHS services.

We will now look at some of the specific recruitment and retention challenges for these bands.

Labour market

Staff working at the lower NHS TCS bands are being especially impacted by current cost-of-living pressures. Employers are reporting higher and increasing levels of value being placed on take-home pay by staff working at this level compared to interest in other parts of the NHS reward offer.

Other sectors, particularly retail and hospitality, have responded rapidly to the current cost-of-living pressures and are now offering higher entry-level rates of pay, which is putting NHS organisations at a significant disadvantage when competing for staff within their local labour markets.

Although the lowest rate currently being paid in the NHS (£10.37 per hour) is higher than the National Living Wage (currently £9.50 per hour), the reality is that this still falls below levels of pay that are currently being offered by other employers in the local labour market.

Employers have highlighted that healthcare support workers joining the NHS often have family or friends working in other sectors who get paid more. For example, a supermarket store assistant role that pays £11.00 per hour (as Aldi has recently announced). Employers report that NHS staff moving jobs for higher rates of pay elsewhere often decide to leave the service for marginal increases to hourly rates of pay.

Real Living Wage

Many employers in sectors outside of the NHS have become accredited Real Living Wage employers. Accreditation is a signed legal agreement of their commitment to the Real Living Wage, currently £10.90 per hour as of September 2022. Currently the rate of pay at the entry point of the NHS pay structure (£10.37 per hour) is set lower than the Real Living Wage.

The LWF's Living Wage rate increased in September 2022 to £10.90 per hour, which was a significant in-year increase of approximately 10 per cent. Recent headline NHS pay award increases have not come close to matching this, with the result that minimum pay in the NHS has fallen even further behind the rates being offered by RLW employers.

Some NHS organisations have made the local decision to become RLW employers, including all NHS organisations in Wales and Scotland. 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 of £11.95 per hour, shown in table 2 below.

Comparison of NHS hourly rate for band 1, and the entry point of band 2 with Living Wage Foundation rates

		Living Wage Foundation Rates	
Region	**NHS hourly rate**	**2021/2022**	**2022/2023**
Inner London	£ 12.87	£ 11.05	£ 11.95
Outer London	£ 12.47		
Fringe	£ 10.95		
Rest of country	£ 10.37	£ 9.90	£ 10.90

Table 2

Note: The 2022/23 New Living Wage rates were announced in September 2022. Compliant employers should implement them by May 2023 at the latest.

Across England, increasing numbers of employers in the NHS are considering becoming Real Living Wage employers as they see no alternatives 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 cost pressure to these organisations. Employers in this position would prefer a national response.

NHS Employers recognises that employers may decide to pay the RLW to attract, recruit and retain staff within their local labour markets. While we are not advocating for the national pay system to specifically and formally be aligned to the LWF rate, there is a very clear need at a minimum for entry-level rates of pay in the NHS to offer a substantial level of premium above the statutory NLW.

Creating this premium will impact on other parts of the NHS TCS pay structure, particularly given some of the current structural issues such as the very small gaps between the pay bands. Therefore, any action in this area will need to be fully considered by the PRB as part of its pay recommendations for 2023/24 and beyond.

Local actions to help mitigate against these challenges

It is vital that the NHS can compete at this level within local labour markets.

In addition to the consideration of paying the Real Living Wage as already mentioned, employers have implemented several local initiatives to support the recruitment and retention of staff at bands 2, 3 and 4.

Many of these examples create local and unfunded cost pressures for employers. This is not viewed as being sustainable over the medium to longer term and it undermines the value of having a national pay system. However, increasing numbers of employers see no alternative option but to increase pay locally to support recruitment and retention of staff.

Examples of local actions to mitigate challenges:

- Placing band 2 new starters directly onto the higher pay point of band 2, or even paying 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 offer of ‘golden hello’ financial incentives for individuals to join their organisation.

- Reviewing healthcare support worker job descriptions to ensure that these roles are banded correctly.

- Focusing on supporting staff with the cost of living. Good practice examples of this can be found on the NHS Employers website.

- Promoting the full value of the employment offer as part of the attraction and recruitment process, with unsocial hours payments particularly being highlighted as a valuable additional benefit of the NHS TCS.

- The introduction of a band 2 team support worker role to recruit members of the local community with no health experience for six months, with these individuals then moving on to a band 3 paid apprenticeship.

- The development of an online career development platform and planning tool for staff in bands 2 to 4. This supports learning and development in both clinical and non-clinical areas and enables staff to understand the career options available to them within the NHS.

NHS Employers is supporting 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 over the next four years. As an example, one trust employed a Prince’s Trust recruitment project manager to engage with voluntary and community groups of young people through social media to share job opportunities. This recruitment manager offered one-to-one support to help individuals into employment, and in doing so matched these candidates to the most appropriate vacancies.

Bands 5, 6 and 7

The most populated bands of the NHS TCS structure are bands 5 and 6, each containing approximately 19 per cent of the NHS TCS workforce (see figure 1 on page 16).

The starting rate of pay in band 5 is the main entry point for graduate entrants starting their NHS employment.

The high concentration of the workforce in bands 5 and 6 reflects the expert technical and professional requirements for roles in the NHS and the significant numbers of qualified clinical and technical staff that the NHS needs to employ. Within these bands, registered nurses and registered midwives represent the largest staff group, comprising around 60 per cent of the NHS workforce.

The rate of pay at the entry point of band 5 is a key ‘anchor point’ on the pay system for the NHS in terms of the market for attraction, recruitment and retention of new graduate entrants. Pay at this level needs to be set at a rate that is sufficiently attractive to enable the NHS to compete within the wider graduate market.

Graduate entry-level pay in the NHS has received and benefited from additional investment and remains broadly competitive with the market to support recruitment. The importance of graduates to the NHS is reflected in some of the wider features of the NHS reward package:

- Entry-level pay rate in band 5 was raised significantly as part of the 2018 deal reforms.

- Relatively generous pay enhancements such as unsocial hours payments are often received by staff in bands 5 and 6.

- The NHS Pension Scheme contribution structure has a discounted rate for staff in their first two years of starting as a band 5. This has a positive impact on take-home pay for entry-level graduates and

encourages scheme participation from the start of their NHS career.

- Although the graduate offer is supporting attraction and recruitment to a certain extent, employers are reporting challenges with retaining staff within these roles, particularly as their career progresses. Based on this feedback, NHS Employers has published a toolkit to support employers with the retention of nurses and midwives.

Specific recruitment and retention challenges at this level

Nurse 50,000 target

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

The number of new graduate nurses needed for the NHS to reach its 2024 target are all currently in education, either as traditional nurse students, nurse degree apprentices or on the two-year top-up course from nurse associate. It is vital that these individuals are retained to ensure that the target for domestic recruitment is met. These domestic routes have been complemented by government investment in significant international recruitment of registered nurses (at numbers broadly equivalent to domestic supply). Rates of leavers does place some risk on the achievement of this target as referenced in this 50,000 nurse programme update from the Department of Health and Social Care.

Cost of living

It is important to highlight that increasing numbers of individuals working at this level, are also impacted by the current cost-of-living pressures. Take-home pay is therefore of high importance, as has already been discussed in relation to the lower paid bands.

Below are some of the specific issues being reported by employers:

- Many nurses are leaving substantive employment to work for agencies, as they will get higher pay and greater flexibility.

- Nurses leaving the NHS to work in different sectors that can offer home working, as this will support these individuals with the current high costs for travel and childcare.

- Newly qualified band 5 healthcare professionals will start repaying their student loans within two years of entering NHS employment. As previously noted, this is also the point at which contributions to the NHS Pension Scheme would increase. Although not all staff working at band 5 have a student loan to repay, many new and recent graduates will, and this is therefore an important additional factor to consider.

- Students are also being affected by the current cost-of-living pressures, which is having an impact on access to placements due to factors such as travel costs. Employers have told us that some students are sleeping in their cars at placements as they can't afford to drive home. Although not employed by NHS organisations at this point, these individuals are a key part of the future NHS workforce and need more financial support to complete their studies.

Early retirements

Employers are acutely aware of the need to retain the skills and technical experience of long-serving members of the workforce, particularly those staff that have not moved into senior leadership and management roles.

Special class status (SCS) is an NHS Pension Scheme provision that allows eligible members to take their full pension entitlement from the 1995 section of the scheme at age 55, whereas members without SCS have a normal pension age of 60.

Nurses, midwives, physiotherapists and health visitors that joined the NHS Pension Scheme before 6 March 1995 are entitled to SCS. This has created a significant risk of early retirements within these middle bands.

Measures were put in place at the start of the pandemic to support retirees to return to NHS employment without their pension being impacted, and employers have welcomed the recent confirmation that these provisions will continue to apply until 31 March 2025.

Nursing and midwifery job profiles

Employers have concerns that the expectation and workloads placed on qualified nurses and midwives in the NHS often exceeds comparable roles within the private sector and is a factor in many of these individuals wanting to leave the service.

It is therefore important that job profiles reflect current working practices and are fit for purpose in all health and care settings. NHS Employers is currently supporting the NHS Staff Council to lead a review of national nursing and midwifery job profiles (band 4 and above) to help employers ensure that current professional practice within these roles is properly reflected within job profiles and ensures equality of pay. Further details about this review are provided in section 3 – job evaluation and equal pay.

Local actions to help supply and retention

Employers have several local initiatives in place to help to attract, recruit and retain staff in bands 5, 6 and 7, including:

- Making good use of nurse degree apprenticeships, with some excellent results. 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 decrease agency spend. This compares to traditional university nurse degree

programmes, where attrition is approximately 24 per cent nationally.

- To attract new graduates, employers are promoting preceptorships and additional support for newly qualified professionals to incentivise them to join an organisation.

- 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.

- One employer experiencing significant challenges to recruiting nurses within their emergency department has introduced several work-based educational programmes to support existing registered nurses to obtain a specialist award accredited at BSc or MSc level.

- Many employers have increased their focus on supporting professional development and providing career advancement opportunities to enable staff to maximise their earning power where possible. This can help employers to retain professional staff, such as nurses and midwives, who may otherwise be looking to move outside of the NHS where better career development opportunities are available.

- 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 increasingly 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 the member of staff as well as the employer. NHS Employers has provided information and resources to support employers to do this.

Bands 8 and 9

Bands 8a, 8b, 8c, 8d and 9 represent a small but important part of the NHS TCS workforce, with most of these individuals (4.6 per cent) working at band 8a (see figure 1 on page 16).

Despite their relatively small numbers, the recruitment, retention and motivation of this staff group is key for NHS organisations in terms of employing talented leaders, including experienced senior clinicians who comprise over half of staff in bands 8 and 9, and supporting transformation objectives across the health and social care system.

Employers have raised growing concerns that a cumulation of circumstances and decisions have resulted in staff in bands 8 and 9 feeling undervalued, and employers are increasingly concerned about the retention risk that this creates.

Losing staff at this level means losing both senior technical and professional expertise within a specialism, and senior leadership skills within an organisation.

It is fully acknowledged that staff working at this level are the highest earning members of the NHS TCS workforce, and it would therefore be difficult for employers to take targeted actions as a priority for this group in terms of how the 2023/24 pay award is distributed, especially given the current cost-of-living situation affecting the whole workforce.

Specific recruitment and retention challenges at this level

Impacts of 2022/23 pay award

The 2022/23 pay uplift was implemented with a flat cash increase, meaning that those towards the top of the NHS TCS pay scale received a smaller percentage uplift than those in the lower bands (see figure 2 below).

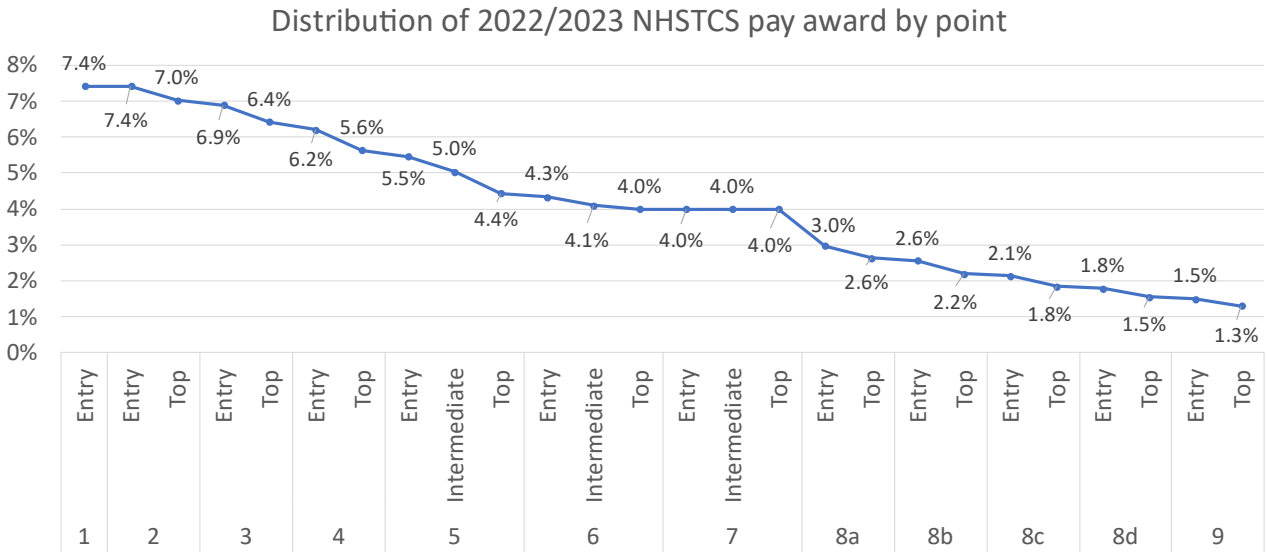

Figure 2 – Distribution of the 2022/23 NHS TCS pay award

In addition to this, many individuals working at the bottom of band 8a were required to pay NHS Pension Scheme contribution arrears for the period April to September 2022 that exceeded the value of their pay award when implemented and backdated to the 1 April effective date.

This situation has created further issues with morale for staff at this level, and employers would be concerned about the potential for further impacts on morale and motivation as well as to retention if a similar situation were to arise with the 2023/24 pay award.

2018 consolidated payment

As part of the 2018 multi-year deal, a consolidated cash payment was introduced for some staff in bands 8 and 9. This was due to the removal of two pay points from these bands on 1 April 2020, but staff not yet being eligible to progress to the top pay point.

In 2023/24, this payment will expire. This will not create any detriment to those individuals who received the payment, as they will progress to the top of their band. However, it does mean that individuals on pay points 4 and 5 will not receive this payment in the future.

Pension tax

Employers continue to be concerned about the impact of the annual and lifetime allowances on the NHS workforce.

Although the senior medical workforce is the staff group most impacted by taxation issues in relation to their pensions savings growth, many other NHS Pension Scheme members working in the higher NHS TCS bands are also affected, particularly those with significant length of NHS service.

These pension tax concerns are likely to remain a key factor in retirement decisions for staff at this level, and therefore continue to represent a retention risk for employers if left unaddressed.

Our section on reward in the NHS provides more detail about the impact of pension tax on individual employees, how employers are taking action to support affected staff, and suggested national solutions to help mitigate against these continued impacts.

Specific local actions to help mitigate against these challenges

Employers have several local initiatives in place to help maintain engagement with and retain staff within the higher pay bands:

- **Pension arrears -** Most employers have collected the pension arrears owed by NHS Pension Scheme members in band 8a over a six-month period, rather than in a single lump sum. This action has helped to minimise the immediate impact that was felt.

- **Local solutions -** NHS Employers has produced guidance outlining a range of local options that employers can put in place to support staff impacted by pension tax. These have included local policies on recycling employer contributions, and other options such as using multiple contracts of employment to manage pension growth.

Apprenticeship pay

Apprenticeships are integral to workforce planning, and support employers to improve recruitment, retention and access to training and education. They can also provide existing staff with attractive career pathways and development opportunities and can provide an opportunity for members of the local community to enter NHS employment.

Evidence from apprenticeship providers indicates low on-programme attrition of as little as four per cent, 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.

Apprenticeship pay is not always determined by the NHS TCS pay system. The national minimum wage for an apprentice aged 16 to 18 is £4.81 per hour for the duration of the apprenticeship, and for aged 19 or over it is £4.81 per hour in the first year and then National Living Wage for subsequent years. Rates of pay for apprentices above this level are 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.

The NHS has an overcommitment of apprenticeship levy spends, 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 Health Education England also impacts on the number of apprentices that the NHS can support.

Employers welcome the announcement of an intention to reform the apprenticeship levy. We would ask that this reform includes being able to use the levy for additional funding for infrastructure development and ongoing and sustainable additional funding to support backfill of apprentices who require more than 20 per cent off-the-job training (as with the increasingly important degree apprenticeship route).

3. Supporting pay progression and promotion

In addition to any confirmed national uplifts to basic pay rates, other important aspects of pay movement for NHS TCS employees is pay progression through a pay band and/or the level of pay uplift received on successfully securing a promotion to a role in a higher band.

The reforms that were made to the NHS TCS pay system in 2018 delivered some significant changes, including the removal of previous overlaps that had historically operated across all the pay ranges.

However, the resulting structure has created some legacy issues for employers in terms of faster pay progression within a pay band, and lack of appropriate financial incentives – in terms of base pay uplift - for promotion to a higher pay band. Further investment will be needed to address these issues.

Pay progression

The process of simplification and restructuring in 2018 reduced the number of pay points within the pay bands. This created wider gaps between the pay points and faster progression for most staff towards reaching the top of the pay band, subject to meeting progression criteria (see table 4 below).

	Minimum years to get to top of band	
	Pre-2018	2018 Contract
Band 1	1	0
Band 2	6	2
Band 3	6	2
Band 4	6	3
Band 5	7	4
Band 6	8	5
Band 7	5	5
Band 8a	5	5
Band 8b	5	5
Band 8c	5	5
Band 8d	5	5
Band 9	5	5

Table 4 – Minimum years to get to top of band

While previously pay progression increments were through time-served combined with the annual cost-of-living uplift, the changes agreed in 2018 have meant that employees starting at the bottom of a pay band now experience fewer years with higher pay increases, with a higher dependency on the headline cost-of-living increase to pay point values that is linked to in-year NHS PRB recommendations.

Staff will also progress more quickly to the top of their pay bands following the implementation of the changes to the pay system. Outside of securing a promotion, and with no further progression in the relevant pay band, this group of staff will continue to only receive uplifts to their basic pay linked to annual pay recommendations.

Due to the modest levels of headline pay award increases compared with inflation implemented in recent years, this has had a significant impact on any real-terms uplifts in pay for the staff employed at the top of all the pay points across the pay system, when compared to the uplifts in pay that have been received from staff benefiting from pay progression increases (see table 5 below).

Salary progression example with different starting points in band 5

	Low	Mid	Top
Salary 2010	£21,176	£24,059	£27,534
Salary 2020	£30,615	£30,615	£30,615
% actual increase	+44.6%	+27.2%	+11.2%
% increase GDP adjusted	+22.7%	+8%	-5.9%
% increase CPI adjusted	+19%	+4.7%	-8.5%

Table 5 – Salary progression example with different starting points in band 5

Band 5 and band 6

Employers are most concerned about the impacts of this effect at bands 5 and 6.

After the initial faster progression journey to the band 5 and band 6 pay range maxima, the lack of earnings progression for graduate professionals five to ten years after they have graduated is creating retention concerns for employers.

As has already been highlighted, NHS graduate entry pay is broadly competitive within the market, particularly when additional earnings are considered. 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 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.

For those working at the top of band 5 and/or band 6 for a significant proportion of their career, a balance needs to be struck between providing an appropriate level of pay for the roles that are being carried out and making sure that pay reflects the retention challenges being faced. A key part of ensuring that these individuals are receiving appropriate pay is to ensure that their jobs are banded appropriately, in accordance with the Job Evaluation System.

Bands 8 and 9

In contrast, many employers are reporting losing staff at bands 8a and above due to the length of time it takes them to get to the next increment within the pay band (five years), and the lack of motivation that this provides. Anecdotally, these members of staff are moving to the private sector where career development, better earnings and pay progression opportunities are more readily available.

Incentives for promotion

As well as the impact on the time taken to progress through a single pay band, the 2018 reforms created changes to the pay system that did not sufficiently incentivise staff (in base pay terms) to seek promotion to a higher pay band.

This is due to the legacy position created which now sees very small differentials on the base pay levels between the top of a pay band and the starting pay of the next pay band. For example, there is currently a small salary gap (just £772) between the top of pay band 5 and the bottom of band 6 (see table 6).

Band gaps / promotional increases between bands in the 22/23 NHS TCS pay scale

	Band gap / promotional increase	
	£	%
Band 2 -> Band 3	£412	1.93
Band 3 -> Band 4	£772	3.33
Band 4 -> Band 5	£773	2.94
Band 5 -> Band 6	£772	2.34
Band 6 -> Band 7	£1,071	2.64
Band 7 -> Band 8a	£854	1.79
Band 8a -> Band 8b	£1,545	2.83
Band 8b -> Band 8c	£1,802	2.76
Band 8c -> Band 8d	£2,318	3.00
Band 8d -> Band 9	£3,348	3.65

Table 6 - Band gaps / promotional increases between bands in the 22/23 NHS TCS pay scale

Funding constraints have meant that this position has not been progressed or addressed since the implementation of the 2018 reforms. Since 2018, the gaps between the pay bands have been further eroded by higher uplifts being targeted towards the lower pay bands on the NHS TCS pay system. Any future targeting of pay aimed at the lower bands, as well as uplifts to the bottom of the pay system to ensure legal compliance with the statutory NLW, will further compress the pay structure and lead to the gaps between the bands becoming even smaller.

Having small gaps between the pay bands provides little immediate financial incentive for staff to seek promotion, as the additional

responsibility undertaken is often not deemed worth the relatively small uplift to base pay.

In many cases, staff could potentially see a decrease in their take-home pay on promotion, where the increase in base pay is smaller than the value of pay enhancements that are lost through progressing up to more senior positions. This is experienced by staff moving into more senior leadership and management roles and changes in their working patterns.

A similar position could also be created where increases in pension contributions outweigh the increase to salary when moving to a higher band.

Progression into band 8a

Employers continue to highlight the specific issue that there is little financial incentive for staff to progress from band 7 to band 8a in base pay terms. This is created by a combination of:

- the relatively small gap in basic pay between the top of band 7 and the bottom of band 8a (currently £854)
- overtime payments not applying to those at band 8a and above
- the working patterns of roles at band 8a and above often result in a lack of unsocial hours payments at this level.

These factors mean that moving from band 7 to band 8a could in many situations result in a decrease in take-home pay while taking on additional responsibility. This does not incentivise promotion at this level and results in staff staying at the top of their existing pay band rather than seeking a promotion.

Further impacts on employers

There are further impacts of the NHS TCS pay system 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 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 and has some wider potential consequences including an impact on team morale.

- Gaps are left in important leadership roles that can have significant implications on teams and the delivery of services.

Local actions to help mitigate against these challenges

Employers are feeling under increasing pressure to use local pay arrangements and decisions to help recruitment and to encourage promotion into higher pay bands, even though this creates cost pressure for their organisations. Where these higher payments are

being offered, employers have needed to carefully consider the impacts on existing staff working at that level.

Examples of local actions:

- Starting staff on a pay point part-way up the band when they are promoted. This is more difficult where there are only two points on a pay spine and can lead to off-scale pay points being introduced.
- Starting staff at the top of the pay band when they are promoted.
- Offering short-term pay protection on lost enhancements following a successful promotion.

Summary

Employers want to encourage staff at the top of their band to develop their skills and take on more responsibility to support the service, outside of securing a promotion, which in turn would support increased retention, staff morale, motivation and engagement.

The pay system needs to better recognise and incentivise additional responsibility for those at the top of their band, which is short of promotion.

After the initial faster progression journey to the pay range maximum, made possible following the 2018 pay reforms, the lack of earnings progression highlights some potential concerns related to staff retention. This is particularly the case for those graduate professionals five to ten years post-graduation, as roles outside the NHS can offer significantly better pay and/or career and earnings progression.

Not all staff will want to seek future promotion opportunities, and these more senior roles will often be limited in numbers.

It is also important to employers that the pay structure can offer more appropriate pay incentives following a promotion that better recognise the additional and sometimes significant responsibilities that are being taken on by staff when they move into a higher banded role.

4. 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 typically makes up to 29 per cent of total earnings (see table 7 below).

Staff group	12 months to March 2022
Nurses and health visitors	12%
Midwives	14.50%
Ambulance staff	29.10%
Scientific, therapeutic and technical staff	8.10%
Support to doctors, nurses and midwives	12.30%
Support to ambulance staff	26.90%
Support to scientific, therapeutic and technical	7.70%
Central functions	5.80%
Hotel, property and estates	17.30%
Senior managers	4.40%
Managers	5.30%

Table 7 Source: NHS Digital earnings statistics

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. The NHS PRB recommended in 2015 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 considered the extent to which each element of variable pay is currently supporting employers in the NHS to attract, recruit and retain staff.

Unsocial hours

The NHS provides many of its services to patients on a continuous basis. This requires some members of staff to work during evenings and weekends, and on 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. The payments are more generous in the lower pay bands and therefore represent a more significant part of the total pay offered for staff at these bands, depending on their working patterns.

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 will cover in our section on supporting staff experience and wellbeing, the level of burnout among staff is high, and many members of the workforce are placing increased

importance on their work-life balance. Employers have reported this as a key reason for staff turning down additional shifts.

As we reported in our evidence for the 2021/22 pay round, increasing numbers of employers have started to offer enhanced overtime and/or bank rates at a local level for doing additional shifts. These enhanced local rates are being offered to further incentivise staff to work additional shifts to cover gaps in the workforce and to ensure safe staffing numbers and service delivery.

There is currently some debate about how additional work is paid when a member of staff stays late for an existing shift, versus if they take on an additional shift. We are aware that some employers have been working in partnership at a regional level to reach a joint position on this.

Employers feel conflicted about incentivising staff to take on additional shifts. Many employees may need the additional income to support with cost-of-living pressures, however, from a wellbeing perspective, employers have strong concerns about the impact of this additional work on staff that are already feeling burned out and exhausted.

In summary, whilst employers feel it is generally right for pay to be enhanced when working overtime, the number of additional hours needed to cover current workforce gaps, coupled with the level of burnout that is already being experienced across the NHS workforce, is a cause for concern. Incentivising existing staff to work more shifts is not a sustainable or long-term solution to address workforce shortages, and the government must support the delivery of a long-term workforce plan to cover these gaps.

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.

Although this is helpful for NHS organisations in terms of recruiting and retaining staff in these locations, the current cost of living limits its effectiveness. Employers are reporting that staff are increasingly concerned about the affordability of travelling to work (for example), particularly when their work base is in central London.

The higher number of staff working from home since the pandemic has prompted renewed consideration and discussion of the current HCAS arrangements among employers. The NHS Staff Council is currently developing a framework agreement to support agile working and will set out the position that an employee's contractual base will continue to determine eligibility for HCAS payments, whether that be a work base or their home address. This is likely to be a key factor when staff are considering their agile working arrangements.

Outside of London, employers from similarly high-cost areas (for example, Cambridge, Oxford and York) continue to highlight the struggles that they are facing to attract potential employees in areas where costs, particularly in relation to housing, are above average.

In common with other sectors, employers in the south west are also facing particular challenges with attracting staff to work for their organisations, as the high proportion of second homes and rental properties in the region is leading to a shortage of affordable housing.

Employers continue to report that HCAS is an issue that is hindering long-term workforce strategies. We would therefore support a wider review of the current HCAS arrangements in the near future. The aim of such a review should be to ensure that they support the recruitment of staff to health and care systems across the country, where high local costs of housing and transport in particular could otherwise be a barrier.

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.

Although staffing shortages are a significant and increasing issue, employers are focused now on ensuring that the main NHS TCS pay system receives further investment to support attraction, recruitment and retention for all members of the current and future NHS workforce.

The use of local RRP by individual NHS organisations remains limited and there are currently no national RRP in operation. There are three main reasons for this from an employer perspective:

1. Local RRP are unfunded and therefore represent a local cos pressure to employers.

2. There is limited local expertise and resource within organisations to conduct appropriate research into the local labour market conditions. Employers would need a strong justification and evidence base for introducing a local RRP to one staff group over another, to ensure compliance with their duties under the Equality Act (2010).

3. Employers are increasingly collaborating to attract, recruit and retain at a system and regional level. If not properly considered, decisions being taken at organisation level to introduce local RRPs can lead to competitive and unhelpful wage spirals between neighbouring trusts.

Additional payments – mileage reimbursement

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. For cars, the current reimbursement rates are calculated at 56p per mile up to 3,500 miles a year (1 July to 30 June), then 20p per mile above 3,500 miles.

Reimbursement rates are reassessed twice a year by the NHS Staff Council using the mechanism set out in the NHS TCS Handbook that incorporates the latest costs as published by the AA. Aside from the cost of fuel, the AA has not updated its cost of motoring figures since July 2014, and the increased cost of fuel alone has not yet been significant enough to trigger any changes between July 2014 and November 2022.

The inability of the current mechanism to respond to rising costs in a timely and appropriate way has created several issues for staff and employers in the NHS this year due to the significant effects of the increases in the cost of living, including the cost of fuel. This was especially difficult leading up to July 2022, as many members of staff started to exceed the 3,500 miles per year threshold and therefore moved to the 20p-per-mile rate.

Local policies

In the absence of a timely national agreement in England to adjust the reimbursement rates in the NHS TCS Handbook, employers have implemented temporary local policies to support staff with this situation.

The policies vary between organisations and consist of rates being increased and/or the 3,500-mile threshold being increased. NHS Employers has supported employers with this by setting out key areas for consideration, including advising that any such arrangements are time limited and reviewable.

Rates from 1 January 2023

The November 2022 review of mileage reimbursement rates has resulted in reimbursement rates for cars increasing to 59p per mile below 3,500 miles and 24p per mile above 3,500 miles. This increase is solely due to the significant and sustained increases to fuel prices over the 12-month reference period from November 2021 to October 2022.

The NHS TCS Handbook is currently in the process of being updated to reflect these new rates.

NHS England has recently confirmed that there will be no additional funding for employers to cover this increased cost. This is likely to have mixed impacts on employers, as many organisations are already paying a similar or even higher rate as part of their temporary local policies. Those organisations that are paying the rates set out in the NHS TCS Handbook, will therefore need to increase their rates payable and will need to find this additional cost locally.

Recommended next steps

The NHS Staff Council has recently written to the Department of Health and Social Care (DHSC) to request a mandate to renegotiate the mechanism in the NHS TCS Handbook and is awaiting a response.

Although employers would support an appropriate national position being reached, it is important to highlight that any such position risks being implemented inconsistently across the service, due to the number of different local policies that are currently in place. It can be difficult for employers to defer back to a national position once a local arrangement has been agreed, especially if new national rates were not as generous as those that have been agreed in local partnership.

Section 3 – Job evaluation and equal pay

The NHS Job Evaluation (JE) 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, as set out in the Equality Act (2010). The scheme underpins the NHS TCS pay structure and it is essential that local employer and staff side partnerships implement the scheme correctly to ensure consistency across the NHS and to minimise the risk of equal pay claims.

The NHS Staff Council has responsibility for the scheme and delegates work to its Job Evaluation Group (JEG) to ensure the scheme remains relevant and accurate.

While the scheme has been found to be legally compliant, the lack of ability to monitor compliance with operational requirements or banding outcomes at either an ICS, regional or national level gives rise to concern that there may be significant problems and equal pay risks throughout the service.

These concerns are reinforced by the nature and level of enquiries that NHS Employers receive, reports from staff side colleagues, and reports from national trainers about local practices that are revealed while training practitioners.

Banding of clinical support workers

Equal pay risks across the NHS became particularly apparent following the publication of guidance from JEG in August 2021 about the correct differentiation between band 2 and band 3 clinical support worker roles.

This guidance was issued in response to overwhelming evidence, including freedom of information data and trade union campaigns, that clinical support roles had evolved over time and that staff were taking on enhanced responsibilities. Alongside guidance for employers and job matching panels about the correct use of the profiles, JEG made some minor clarifying amendments to the profiles for band 2 and 3 roles in this area to ensure that the differentiation between the bands was apparent.

Since the publication of this guidance, it has become clear that there is a widespread issue within the NHS of support staff being employed on inappropriate pay bands. This has largely been caused by a reliance on job descriptions that have not been updated to reflect changes to the roles, alongside more general misunderstandings about job evaluation practices.

Many employers are now dealing with an increase in requests for re-banding, often being coordinated by trade unions, and are needing to negotiate backpay arrangements locally, in accordance with the job evaluation handbook. NHS Employers continues to provide support to individual organisations and to system bodies on this issue and is aware of the potentially significant financial impact for employers.

Nursing and midwifery review

Following a request made by the Royal College of Nursing (RCN), JEG has now begun work to review the national job profiles for nursing and midwifery (band 4 and above).

These profiles have not been subject to any wide-ranging review for more than ten years. There have been continuous developments in nursing roles and professional practice over this period, and some of the language and descriptions still being referred to in the current national profiles is also now outdated.

The aim of this review is therefore to ensure that the profiles reflect current nursing and midwifery practice and are fit for purpose in all health and care settings. This will help employers meet their legal obligation to ensure pay equality across their workforce.

NHS Employers is providing project management and administrative support to JEG in undertaking this piece of work, including communication and engagement with employers in England.

As the nursing and midwifery professional group forms the largest proportion of the NHS workforce, this review is a large-scale project and considered a key priority for the NHS Staff Council.

All NHS employing organisations operating throughout the United Kingdom have been given the opportunity to engage in this review by providing evidence and data on their nursing and midwifery roles.

Engagement to date indicates great concern among employers that the review will lead to a further increase in JE issues locally, as in many cases, like the support worker roles already highlighted, job descriptions have not been reviewed to take into account changes in clinical practice and responsibilities. An increase in the number of local requests for banding reviews is expected, as trade unions seek to achieve better pay outcomes for their members through movement into higher banded roles. This position will be exacerbated if expectations around annual cost of living pay uplifts are not met.

Employers are being encouraged to actively increase their internal expertise and capacity to help deal with the expected increase in JE activity. Additional training capacity is being offered to employers to support with this.

National reporting and monitoring

It has previously been possible to carry out central monitoring of the JE system through the computer assisted job evaluation (CAJE) tool. The central contract for CAJE was discontinued in England in 2010/11. Wales and Scotland have continued to provide central funding for this software, and Northern Ireland is currently reviewing its usage.

The loss of the centrally managed consistency monitoring system leaves England vulnerable, as there is currently no instrument for getting a system-wide picture of how national profiles are being used and the extent of banding variations other than via anecdotal and/or local evidence.

The recent situation with clinical support worker bandings has clearly highlighted the need for a mechanism that provides regional and/or national monitoring of JE practices and outcomes. This need is expected to be further highlighted by the findings of the nursing and midwifery review.

NHS Employers supports the need to modernise the JE system and process and would therefore urge the government to consider scoping a new central consistency monitoring replacement system to be able to properly capture information on banding outcomes.

Such a system would enable the NHS Staff Council and JEG to understand where roles are not being reviewed at recruitment and reassessed over time, and where roles are being ‘shoe-horned’ into lower bands (and vice versa). This would enable proactive interventions to take place and could help prevent the industrial relations problems that are currently being faced.

This system monitoring could also take place at local/regional level and could provide important information data and evidence within the context of ICS workforce planning.

Support for employers

The national and local integrity of the NHS JE system remains an important issue and requires consistent interpretation of banding outcomes. A mechanism for monitoring scheme usage and outcomes is important in achieving this, as is increasing local knowledge and understanding of the scheme and ensuring adequate capacity and resource locally to undertake the necessary work.

NHS Employers coordinates the NHS Staff Council endorsed training on the NHS JE scheme and supports and supplements the guidance and advice published by the JEG. In addition, we are seeking opportunities to work 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 JE scheme requirements.

Section 4 – Reward in the NHS

Reward can be a useful tool in helping with attraction, recruitment and retention challenges by ensuring staff fully understand the value of working in the NHS.

Reward in the NHS covers all financial provisions made to employees, including pay and access to the NHS Pension Scheme. It can also include wider benefits provisions for staff outside of pay, such as peer-to-peer recognition schemes.

Employers are using reward to increase engagement with their staff and help ensure that they feel valued and involved; 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.

Cost-of-living pressures has put even more emphasis on the reward package in the NHS and employers are trying to ensure staff take-home pay goes further.

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 160 employers from across the NHS to share good practice. These benefits have been expanded in many employers in response to the cost-of-living pressures facing their employees. They include but are not limited to:

- home electronics salary sacrifice scheme
- subsidised childcare
- transport season ticket loans
- long service recognition schemes
- local NHS discounts
- peer-to-peer recognition schemes
- subsidised meals on site
- financial education workshops.

We have heard great 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.

With other sectors such as retail offering a competitive starting salary, employers need to make sure staff are aware of the total reward package they will be giving up by leaving the NHS.

NHS Pension Scheme

The NHS Pension Scheme is the largest public service defined benefit scheme in the Europe. It continues to be a significant high-value feature of the total reward offer for NHS employees and a valuable tool for employers to aid attraction and retention.

The most recent NHS Pension Scheme Annual Report and Accounts 2021/22 includes details of scheme membership. As of 31 March 2022, there were 1,749,681 active scheme members; 753,614 deferred members and 1,044,318 pension in payment.

Scheme participation generally remains high however, recent data shows that there has been an increase in opts outs from the scheme since April 2022 on the grounds of affordability and financial hardship as shown in table 3 below.

	Per cent of headcount	
	Active members of the pension scheme	**Opted out from pension scheme**
Band 1	80%	20%
Band 2	91%	9%
Band 3	91%	9%
Band 4	91%	9%
Band 5	88%	12%
Band 6	92%	8%
Band 7	93%	7%
Band 8a	94%	6%
Band 8b	94%	6%
Band 8c	94%	6%
Band 8d	94%	6%
Band 9	91%	9%
All bands	**91%**	**9%**

Table 3 Source: ESR Datawarehouse as of June 2022

The changes to employee contributions that were introduced in October 2022 may also have had a negative impact on participation levels as this resulted in an increase in the cost of NHS Pension Scheme membership for full-time lower earners.

Membership of the NHS Pension Scheme is currently a binary choice, you are either in the scheme or out. Introducing flexibilities that enable individuals to have control over the level of their pay that is pensionable would enable more affordable access and could ensure the NHS Pension Scheme remains a valuable benefit for everyone.

In addition to guaranteed payments for life, there are further additional benefits of scheme membership for both employees and employers. Our poster provides information for employers to help them promote these key benefits.

Flexible retirement/retire and return

Facilitate flexible retirement

Many employees are considering how they can gradually adjust their working patterns to achieve an appropriate work-life balance and a smoother transition from their working life into retirement. This shift towards retiring flexibly breaks the traditional expectation that retirement means permanently leaving the workplace and employment, or that full-time work should immediately be replaced 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.

Importance of retaining older staff

Retirement flexibilities are mutually beneficial to both staff and employers. Retire and return enables employers to welcome back retired staff to the workplace to fill gaps in capacity and help deliver high-quality patient care. Organisations can use flexible retirement options to retain experienced and knowledgeable staff with highly valuable skills. These skills can also be passed on to other staff, aiding succession planning. Employers may also gain financial savings through reduced recruitment and training costs; bank and agency spend and employer pension contributions.

The NHS Pension Scheme allows members to draw pension benefits from as early as 55 years of age. Employers who do not offer flexible retirement options could lose a vast proportion of their workforce who are able and willing to continue in NHS employment. To demonstrate the potential impact of this, a south-western NHS trust shared with us that 54 per cent of its workforce are aged over 50 and are therefore potentially less than five years away from retiring. Losing older employees impacts on workforce diversity in an intergenerational sense and also reduces the overall skills, knowledge and experience of the workforce. Remaining in the NHS and having control over when and how they retire can provide employees with a higher standard of living and improve their health and wellbeing. Discussing flexible retirement plans early with employees can give employers more control over future workforce planning.

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 is made up of two parts:

- Firstly, all active members of the NHS Pension Scheme were moved to the 2015 scheme on 1 April 2022.

- Secondly, 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).

From October 2023, when the necessary pension regulations are in place, staff nearing retirement will be given the option to choose to take their benefits for the remedy period from the legacy scheme or the new 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 already 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 measures announced in Our Plan for Patients

In September 2022, the government set out its NHS plan for winter and beyond: Our Plan for Patients. The announcement included some pension changes to aid staff retention:

- Introducing new retirement flexibilities for members of the 1995 section of the scheme to support members to access their pension while continuing to work in the NHS.

- Extending the temporary suspension of abatement and the 16-hour rule to help maximise workforce capacity.

- Correcting the Consumer Prices Index (CPI) disconnect in pension tax calculations to ensure rapidly rising inflation does not impact on annual allowance calculations.

- Strongly encouraging employers to consider local options to retain senior staff who are affected by pension tax, such as recycling employer contributions.

Proposed new 1995 section flexibilities

The proposed flexibilities will support both employers and employees. The changes aim to increase workforce capacity by retaining staff in the service through partial retirement; make it easier for retired staff to return to work and continue to build up their pension; and help to bridge the financial gap for staff between claiming their NHS pension and receiving the state pension.

The current flexible retirement options available to 1995 section members are step down, wind down, or retire and return. Compared to other members in the 2008/2015 parts of the scheme, 1995 section members have the least flexibility and are not able to take their benefits without leaving employment. They are not able to ‘draw down’ part of their pension and continue working in the NHS, and they are unable to re-join the NHS Pension Scheme once they have claimed their 1995 section pension benefits.

The new proposed flexibilities may allow staff with benefits in the 1995 section to:

- drawdown some or all of their 1995 section pension while still working

- re-join the 2015 scheme, after claiming their benefits, to build up more pension upon their return to work

- remove the need for a break in employment when retiring and returning

- manage pension growth within annual allowance limits.

Any agreed changes are expected to be implemented from 1 April 2023, following a public consultation in winter. We welcome the proposals and will support their introduction in our consultation response. NHS Employers plans to promote and raise awareness of all retirement flexibilities to help educate and prepare employers in advance of changes being introduced in 2023.

Abatement suspension

From March 2020, the government temporarily suspended certain rules in the NHS Pension Scheme to support retired staff to return to the NHS during the pandemic without their pension being affected. The suspension provided valuable additional capacity from retired staff, during increased sickness absence and demand on NHS services.

The temporary suspension of abatement and the 16-hour rule has been hugely beneficial; the easements have helped to support experienced colleagues to return to work with higher weekly hours than would otherwise have been possible. The anticipated permanent removal of the outdated 16-hour rule would also remove the associated administrative burden for both employers and administrators of the NHS Pension Scheme: the NHS Business Services Authority.

Pension taxation

Employers continue to be concerned about the impact of the annual allowance (AA) and lifetime allowance (LTA) on workforce capacity, service delivery and patient care. Employers report staff taking early retirement, reducing their work commitments, and a reluctance to

apply for promotions or take on additional work and responsibilities due to pension taxation. The impact of pension taxation has a greater impact on senior clinicians, including consultants and GPs, but also affects many senior NHS leaders.

There is an increased risk that more members of the NHS Pension Scheme will breach the AA and incur tax charges in the 2022/23 tax year due to the rapidly rising inflation, and employers are concerned about the impact this will have on care and the ability to tackle treatment backlogs.

We raised employer concerns about the impact of rapidly rising inflation on AA issues in a letter to the Chancellor and asked HM Treasury to take two urgent actions:

- Amend the calculations so that pension growth, which is solely caused by rapidly increasing inflation, is excluded from the test for AA.

- Allow pension growth across the 2015 NHS Pension Scheme and the 1995/2008 NHS Pension Scheme to be aggregated before it is tested against the AA. This would allow any negative growth in the 1995/2008 NHS Pension Scheme to be offset against positive growth in the 2015 NHS Pension Scheme.

We welcome government plans to amend the revaluation date that is used in annual allowance calculations in the NHS Pension Scheme to correct the inflation position for tax year 2022/23 and future tax years. However, we believe the measures announced should have also included proposals for pension growth in both schemes to be aggregated. We will continue to represent employers' views on this issue in our response to the consultation on these proposals.

Local options to support staff affected by pension taxation

The former Secretary of State, Therese Coffey, announced she will strongly encourage employers to explore local solutions to support staff affected by pension taxation, including recycling employer contributions. We published pension tax guidance for employers on the local options employers can put in place.

Many employers have implemented local policies on recycling employer contributions and others are considering and exploring other options, such as using multiple contracts of employment to manage pension growth.

A national policy on recycling employer contributions

NHS England is leading the development of a national policy on the recycling of employer contributions in response to the announcement from the Secretary of State.

While some employers have operated recycling schemes for some time, others have decided against introducing recycling policies due to concerns about equality risks. Many employers have told us they feel uncomfortable offering additional pay to those opting out of the scheme for tax reasons, where no similar flexibility is offered to staff opting out of the scheme due to affordability or other reasons.

Employers operating recycling policies have told us that the number of staff taking up the offer is low, as many have been advised that staying in the scheme is still valuable, despite having to pay annual allowance charges.

We are working with NHS England and their advisers as part of a task and finish group to develop the national policy on recycling employer contributions. During the discussions to date, we have stressed the need for employers to have assurance in relation to potential equality risks. We will be updating our guidance for employers once the position around the national policy is confirmed.

Scheme flexibilities

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 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.

Understanding the value of the NHS Pension Scheme

We continue to support employers to understand the value of the NHS Pension Scheme so they can explain and promote the key benefits of scheme membership to staff. We have launched an online learning course designed for HR and reward professionals who wish to improve their knowledge and understanding of the value of the NHS Pension Scheme. The course aims to equip employers to have confident conversations about the NHS Pension Scheme to support retention.

The course covers an introduction to four key areas:

- The value of the NHS Pension Scheme.
- Flexible retirement options.
- Retire and return.
- Pension tax.

Our evaluation will assess the extent to which the course has helped HR professionals improve their knowledge of the scheme and how much it has enabled employers to have better conversations about the scheme to support retention locally.

Section 5 – Supporting staff experience and wellbeing

Our evidence has already highlighted the importance of pay to NHS staff and the increased importance that is currently placed on pay due to cost-of-living challenges.

Despite this heightened importance, the reality of the situation is that NHS pay has not matched levels of inflation for a number of years, and government spending restrictions as set out in the Chancellor's Autumn Statement indicate that this will not be rectified in the 2023/24 pay round.

Employers are acutely aware of the financial struggles currently being faced by many members of staff. While national pay arrangements are not in employers' direct control, supporting the health, wellbeing and experience of the workforce is, and in the current climate this is more important than ever.

It is essential that the NHS has the foundations in place to support the basic needs of staff as pressure continues. Examples of this support include:

- breaks
- hydration
- access to good food
- supportive line managers

- health and wellbeing conversations
- preventative measures
- effective wellbeing initiatives
- access to occupational health and further support when needed.

Employers are clear that prioritising the fundamental needs of staff and their experience at work, will in turn support levels of attraction and retention and will decrease the likelihood of staff experiencing burnout and/or stress.

Cost of living

Increasing energy, food, housing and transport costs are impacting on staff within the NHS. Take-home pay is not going as far as previously, making working in the NHS unaffordable for some members of the workforce.

All staff are affected by the rising cost of living, the extent of which will differ depending on their individual circumstances. The Joseph Rowntree Foundation and CIPD have done extensive research into poverty in the UK and which members of the community are most likely to be affected. Lower paid staff are likely to be disproportionately impacted but some staff groups are also more at risk than others, including families without full-time workers, single parent families, families caring for a person (or persons) with disabilities, families with three or more children, those living in rented accommodation, and ethnic minority households.

We have undertaken extensive engagement with employers around the cost-of-living challenges and identifying and sharing best practice, through our health and wellbeing and reward and recognition networks; our HR director network meetings; and through active learning workshops with a small group of employers. This work has been carried out with the support and advice of the Joseph Rowntree Foundation.

Through our own engagement (reinforced by feedback by NHS Providers), we learned the main cost-of-living challenges for the NHS:

- Employers are concerned about the mental, physical and financial wellbeing of staff as a result of cost-of-living pressures on households, and some report a rise in staff sickness absence due to poor mental health.

- Employers report some staff are struggling to afford to travel to work, which is causing staff shortages and affecting service provision and patient safety. Sickness absence rates in some trusts are increasing in the week before pay day.

- Employers report some staff are struggling to afford to eat, and/or heat their homes, which is having a negative impact on their health and wellbeing. Some employers are providing food, meal deals and warm spaces to support their staff.

- Employers are reporting a rise in demand for support due to the rising cost of living, especially for mental health services. This is putting increased pressure on already burned-out staff.

- Increased childcare costs and less relative take-home pay to spend on childcare costs is causing some staff to cut down their hours as it is more expensive to work and pay for childcare than not to work and provide their own childcare. Some employers are trying to support their staff with childcare responsibilities by offering flexible working practices.

- There remains some stigma regarding financial wellbeing and talking about money issues or financial challenges, which means staff are less likely to seek support on these issues. Employers want to provide support for their staff who are most in need but are trying to do this while also avoiding stigma or inadvertently creating division between staff groups.

- Recruitment and retention are becoming increasingly concerning for employers. This is putting increased pressure and workload on existing staff.

- Inflation is contributing to increased pressure on employers' existing budgets, particularly for fuel, energy and consumables. Employers are having to look at where they can reduce costs, which will impact on how much support they can provide for their staff with cost-of-living challenges.

- Good employment practice (especially flexible working and equitable career development) are an important element of the support that can be offered to staff.

Employers have put in place many short-term solutions, such as hardship loans, vouchers, access to free food and drink, access to NHS discounts, and free sanitary products. Some examples of this are available on the NHS Employers website.

Health and wellbeing support

Since the COVID-19 pandemic, the NHS has developed a wide range of health and wellbeing support and there has been a much greater focus on support for mental health and wellbeing.

The most recent NHS Staff Survey results (2021) showed an increase in staff reporting work-related stress, from 44 per cent to 46.8 per cent. These figures are higher for staff working on COVID-19 wards (54 per cent) and for those redeployed due to COVID-19 (47 per cent). These stress levels are higher than the pre-pandemic levels and a significant cause of absence. 68 per cent of staff said their line manager provided support on health and wellbeing. This was a fall from 70 per cent in 2020 and may reflect the pressures on managers.

Lack of access to basic wellbeing needs such as hydration and sleep have been identified as a major concern for NHS staff wellbeing and patient safety. In the 2021 NHS Staff Survey, over 21 per cent of respondents indicated that they often or always felt that every working hour is tiring for them. To help employers with supporting basic health and wellbeing needs, we have created and updated our resources on our website.

Wellbeing and burnout

The NHS is operating under massive demand pressures at present, leading to increased stress, burnout and widespread concerns about the wellbeing of people in the NHS. Factors such as staff shortages, high workloads and pressure to maintain high-quality patient care all contribute to burnout in NHS staff. Although burnout is a long-standing issue, the period since the pandemic has placed further burden on NHS staff and exacerbated the problem.

Research studies have highlighted the mental health impact on staff that worked during the pandemic. There are also large numbers of staff affected by long COVID and many staff in the NHS will have experienced the impact of COVID-19 within their families. According to the British Medical Journal, burnout significantly impacts the retention of NHS workers with more staff thinking about leaving the NHS.

There is growing concern that this impact on wellbeing is being replicated in the post-pandemic period. NHS Staff Survey has had long-standing questions on workplace stress. In the 2021 survey, the percentage of staff reporting being unwell due to work-related stress rose from 44 per cent to 46.8 per cent and is now higher than pre-pandemic levels. These levels of stress have an adverse impact on long-term health and wellbeing of staff.

New questions were added in the 2021 survey to assess the issue of employee burnout specifically. These questions are based on the Copenhagen burnout scale originally developed to assess burnout in

medical staff. Burnout is one of the overall sub-themes measured within the survey and was scored 4.9 out of 10 overall, with higher scores being more positive. Individual questions on burnout identified high levels of burnout in a significant minority of staff:

- 46.5 per cent said they were worn out at the end of every shift
- 34.3 per cent said they felt burnt out at work
- 31.3 per cent said they were exhausted at the thought of another shift.

These levels were even higher for those working on COVID-19 specific wards and to a lesser extent for those redeployed due to COVID-19. These levels of burnout are a contributor to high levels of sickness absence and are not sustainable in the long term.

Our guidance on beating burnout in the NHS intends to support leaders in the NHS, including health and wellbeing leads and managers. Recognising burnout symptoms and providing the right support early on can help prevent problems from escalating and reduce the chances of staff absences. It is therefore important 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.

Action to address service pressures and invest in the workforce for the longer term are however essential steps that need to be taken to address the causes of the burnout and poor health being experienced by staff.

Flexible working in the NHS

Flexible working supports staff to have greater choice in where, when and how they work and should help them achieve a better work-life balance.

The COVID-19 pandemic provided an unexpected catalyst for different ways of working across the NHS. Several organisations in the NHS have used this as an opportunity to challenge the traditional ideology of how work has previously been delivered, and to support the NHS workforce and managers to explore flexible working options. This gives everyone an opportunity to achieve a work-life balance that suits them and their organisation, and in turn supports workforce retention.

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 and value having this choice. For some, it is necessary in order to be able to work at all.

Evidence suggests leaders are increasingly of the view that giving employees greater control over how they work can benefit everyone involved. Employees are proving that flexibility and productivity can be achieved together. We know many of our people in the NHS go on to bank rotas, become locums, or leave to seek the flexibility they need to combine work with their personal commitments or health and wellbeing needs. Employers are working to embrace flexible working in order to support and retain dedicated and experienced employees throughout their careers, as well as attract new talent.

Flexible working can positively impact on staff attendance, morale and job satisfaction, leading to engaged staff delivering the best patient care. It's worth noting that flexible working can have several wider benefits:

- **Talent attraction** – 87 per cent of people either work flexibly already or wish they could. 92 per cent of millennials identify flexibility as a top priority *(*source Flexible Working - A Talent Imperative, Timewise, 2017).

- **Retention and motivation** – 75 per cent of employers say that flexible working has a positive effect on retention and 73 per cent say it improves staff motivation (source Flexible Working Provision and Uptake, CIPD).

- **Diversity and inclusion** - Flexible working is a key enabler for many carers, parents, older workers and those with health conditions (source Flexible Working in the NHS: The Case for Action, Timewise, 2018).

- **Performance** – 97 per cent of managers said the quantity of work improved or stayed the same. 93 per cent of managers said the same about work quality (source Flexible Working and Performance, Cranfield University/ Working Families, 2008).

- **Business costs** - nearly 190,000 staff left the NHS in 2021/22, with 14 per cent citing work-life balance as the main reason. Addressing this would reduce agency spend.

NHS Terms and Conditions Handbook – Section 33 (new provisions)

The NHS TCS Handbook introduced new provisions around flexible working effective from 13 September 2021, including:

- a contractual right to request flexible working from day one of employment

- no limit on the number of requests and the right to make them, regardless of the reason

- new requirements for centralised oversight of processes to ensure greater consistency of access to flexible working, including an escalation stage for circumstances where a line manager is not initially able to agree a request

- expectation that employers will promote flexibility options at the point of recruitment and with regular staff engagement through one-to-ones, health and wellbeing conversations, appraisals and team discussions.

These changes are designed to embed a positive culture of flexible working in the NHS and help address wellbeing and work-life balance for NHS staff. We also hope they will help to keep valuable and experienced staff working in the NHS while attracting new staff from a wide talent pool.

The rising cost of living and its impact on all our staff has led to many organisations reviewing their current employment package along with additional measures that can support staff wellbeing. Having a comprehensive employment package will contribute to retaining valuable talent and help make the NHS an attractive employer for new recruits.

Flexible working is a key area that employers are considering in response to the rising cost of living for staff. Flexible, agile or predictable working approaches can help staff manage and reduce some of their household expenditure costs, as well as enhance work-life balance.

There are a number of different ways that employers are looking to support staff to work flexibly in this climate, including:

- looking at whether work can be organised differently. For example, start and finish times, the number of days, and the place that work is undertaken

- giving sufficient advance notice of working patterns to help individuals to plan ahead

- supporting agile working

- supporting staff to access flexible working arrangements as they move roles or are promoted

- supporting staff to access flexible working in their current role as well as on promotion

- assessing what works well and can be scaled up in other teams. For example, flexible working ambassadors to champion flexible working across the organisation to help spread learning and encourage others.

We have collated a range of good practice examples on our website from NHS organisations that have put initiatives in place to support their staff to work flexibly.

Section 6 – System perspectives

On 1 July 2022, 42 ICSs were statutorily established across England to form partnerships of organisations that come together to plan and deliver joined up health and care services, and to improve the lives of people who live and work in their area. These partnerships span the NHS, local authorities, social care, voluntary services and wider public services, and are focused on the transformational changes within their local communities and populations.

The NHS organisations represented by NHS Employers include ICSs who are in their own right employers, and trusts and foundation trusts are key component parts of the partnerships convened and led by ICSs. There is therefore a real alignment of interests and priorities between NHS provider organisations and the systems of which they are such a key part.

The NHS Confederation includes a network for those who lead ICBs and ICPs and NHS Employers works closely with the ICS Network to support actions regarding workforce in ICSs. The profound interest in the workforce is focused not just in the NHS but across the wider care workforce, especially in social care. The concept of ‘one workforce’ is increasingly important and ICSs are now working to develop approaches that integrate and connect across all parts of the system.

The key priorities for systems are set out below.

NHS workforce plan

Sajid Javid, when Secretary of State for Health and Social Care, commissioned NHS England and Health Education England (HEE) to develop a comprehensive workforce plan including projections of future demand for future workforce. This was a significant and long overdue step in supporting the work of the NHS and systems. Previous plans had been prevented from including analysis of numbers of staff needed to meet population health needs and it is now 15 years since such a plan was published in England. It was confirmed in the Chancellor's Autumn Statement that the government will publish the NHS workforce plan next year, including independently verified workforce forecasts.

System leaders have welcomed this announcement as indicated by a response to the chancellor's statement from Matthew Taylor, the chief executive of the NHS Confederation. The questions of how and over what timescale the government will invest in this plan are still unclear but the fact there will be a published plan (which was in doubt until the Chancellor's autumn statement) is an important step.

Systems and workforce planning

As the NHS Confederation has long argued ICSs have a crucial role to play in developing an approach to workforce planning which properly responds to local priorities. The 2023 plan will of necessity have been a much more centrally driven exercise, however, there has been real intent to engage ICS and provider leaders along with wider stakeholders in developing the plan and the priorities within it. There is now a real opportunity for the government and NHS England to commit to this planning process being a regular (at least every two years) process. ICSs need to be given a clearer leadership role in developing and informing the plan.

One workforce

Whilst there is real support for the workforce plan amongst system leaders, there is real concern from ICSs about the widening gap between health and social care in particular. There is of course a really important relationship between social care provision and NHS services (and pressures), particularly in caring for the elderly. The NHS Confederation has produced an infographic showing the relationship between health and social care and shows the knock-on effect of limitations in social care on A&E admissions, elective care and diagnostic assessment. At the same time systems are focused on the health of the populations they serve and not just hospital services. Access to good quality social care and an asset-based approach is an essential part of improving the health of the population.

The social care workforce is therefore as important to ICSs as the workforce in the statutory sector, under the purview of the PRB. The same is also true of the workforce in the independent provision of primary care including general practice, pharmacy and dentistry. ICS leaders want to see future workforce plans speak much more clearly to the needs of the social care and health workforce as whole, to support delivery of people-centered services. There are several areas of concern, the most urgent of which is the widening gap between rates of pay in social care and the wider job market. In relation to pay, this is not necessarily an argument that NHS terms are applied to the diverse private and charitable providers of social care, but there is a clear need to consider the relationship between them. We repeat our call (and that of the Migration Advisory Committee) for the government to establish a care worker minimum wage for the social care sector in England. This article by The King's Fund discusses the differential in care worker pay and retail sector and how this has changed,

Integrated workforce thinking

The need to develop national workforce strategies which speak to the one workforce across social care and health reflects the work being done within systems. Working with Skills for Care and the Local Government Association (LGA), NHS Employers (and our ICS Network colleagues) has produced a guide to support systems with integrated workforce thinking, using existing best practice to provide tips and insight to support further work to successfully integrate workforce thinking across systems.

The NHS workforce

System leaders share the profound concern of their trust and foundation trust leader colleagues regarding the scale of vacancies in the NHS and the growing industrial unrest particularly seen now in all parts of the NHS, as evidenced by strikes in the nursing and ambulance workforce. Restating the caveat about the implications for the wider social care and the whole health system of any increase in NHS pay, there is a clear need to ensure that the NHS can attract and retain all parts of its workforce for the shorter and longer term. Pay and wider reward represents a real risk to the ambitions of ICS leaders. Any pay award must however be properly funded or there will again be an impact on wider programmes including those focused on supporting the priorities of systems and their partners, particularly around prevention and transformation.

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