NHS Employers

NHS Employers' submission to the NHS Pay Review Body 2025/26

26 November 2024

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Key messages

Diagnosis: Darzi report

The Independent Investigation of the National Health Service in England report by Professor Lord Darzi sets out clearly the multiple challenges the NHS is struggling to manage. Lord Darzi describes rising demand, the effects of a decade of underinvestment (especially in capital) and the impact (and recovery) from the COVID-19 pandemic.

The report highlighted several key issues, most notably how much less capital is available for the NHS to invest in its essential infrastructure in terms of buildings, technology and equipment. It also states that previous structural reforms have removed management capacity that is essential in terms of achieving and delivering further productivity gains linked to the provision of services. Lord Darzi, in his letter to the Secretary of State, described a workforce facing profound challenges:

“There is also compelling evidence that, post-pandemic, too many staff have become disengaged, and there are distressingly high levels of sickness absence – as much as one working month a year for each nurse and each midwife working in the NHS.

The experience of the pandemic was exhausting for many and its aftermath continues to reverberate. NHS staff not only mourned deaths of their colleagues on the frontline but were at the sharp end of the Covid rules. They had to insist that mothers gave birth alone and that elderly and other patients had to die without the comforting touch of their loved ones. The result has been a marked reduction in discretionary effort across all staff groups.”

Response: Ten-year plan

Employers in the NHS welcome the ambition and vision the government has set out in its response to Lord Darzi's diagnosis. They share the commitment to build a health and social care system fit for the future around three clear 'shift' priorities on the future delivery of care and services:

1. Hospital to home – so that more people can access care at home and in their local communities.
2. Analogue to digital – so that the workforce we need can have access to the technology to deliver the best care possible.
3. Treatment to prevention – with very clear moves made to a more prevention-based approach.

These will be significant and stretching changes to make. As part of our work within the NHS Confederation, the views of employers around the case for changes are set out in more detail in the following reports:

- Working Better Together in Neighbourhoods

- Paving a New Pathway to Prevention: Leveraging Increased Returns on our Collective Investment

Employers are ready to support the work needed to develop policy solutions that reflect the balance required between immediate priorities and the plans to deliver tangible and sustainable changes over the medium-to-longer term, and the priority actions that will need to be taken forward to implementation in local systems.

The new ten-year plan will in turn drive a refresh of the NHS Long Term Workforce Plan (LTWP). Employers will want to see that any refresh of the LTWP is matched with and supported by sustainable funding that builds on the investment to stabilise NHS finances announced in the October 2024 Budget. There will also need to be more explicit recognition of the role that pay and reward must play in the delivery of the three shifts and the attraction, recruitment, retention and morale and motivation of staff now and in the future.

Wider government policy

In addition to the ten-year plan and the refresh of the LTWP, the government's planned agenda to 'make work pay' places a new emphasis on enhancing workers' rights, with the aims to create a fairer and more equitable working environment for everyone. Key parts of the plan include the employment rights bill, day one flexible working rights and a genuine living wage for all. While many of the changes proposed by the government to take effect in 2026 are already part of NHS employment in whole or large part, there are several areas where employers across the NHS will need to think through the implications due to the minimum standards changes being proposed for all workers across the UK.

NHS people

Outside of the wider strategic context, significant operational, financial and workforce pressures are continuing to have a profound impact on organisations and teams in the NHS.

While the findings from the 2023 NHS Staff Survey show an overall improvement on staff engagement, key engagement and People Promise indicators, these remain, in the main, lower than pre-pandemic levels. Survey findings also showed that there are continued high levels of burnout in the NHS workforce, despite a small fall in overall levels. Analysis into the experiences of different staff groups shows that on most staff experience indicators, there is a more negative experience for staff with protected characteristics, especially colleagues who identify as BAME. This is especially the case in relation to violence, bullying and harassment, and unwanted sexual behaviour experienced by women.

Employers across the service continue to share their concerns in the networks we run on their behalf. These concerns are around the levels of workforce-related cost savings they are having to make, in terms of vacancy and headcount restrictions in operation, to contribute to overall financial savings plans. Employers do not see

this as being a sustainable set of measures to be operating in, especially when looking at the ambitions being described in the ten-year plan and any refresh of the LTWP, and in light of their obligation to provide safe and effective care.

Vacancies across the NHS continue to fall from their peak in 2022 and currently stand at 110,834. This remains higher than pre-pandemic levels. The drop of 16.8 per cent in vacancies is a bigger drop than the same time in 2022. However, a proportion of this could be attributed to the restrictions put in place at a local level to support financial saving plans. In terms of retention, the NHS has seen a reduction in turnover rates since its peak in 2022. Between June 2023 and June 2024, the leaver rate was 10.2 per cent. This continues to remain a priority within the ten-year plan and LTWP to return turnover levels to 7-8 per cent and our evidence highlights some examples of the work organisations are doing to support the retention of staff.

Industrial action has also seen significant disruption to services, with waiting lists growing for access to services and care, and additional cost pressures for employers across the NHS. As well as costing around £3 billion when factoring in the loss of income from elective activity that wasn't delivered, relationships across the system and with trade unions have been put under enormous strain and pressure. Resuming normal partnership working relationships will require significant and continued efforts from all parties.

Although accepted by the government for implementation, the 2024/25 pay award recommendations of the NHS Pay Review Body (NHS PRB) has recently been rejected by the Royal College of Nursing (RCN). This indicates strongly that further industrial relations challenges – including possible further strike action - cannot be ruled out when looking ahead to the 2025/26 pay round and beyond.

Pay and reward: challenges

The delays to implementing pay award changes in the 2024/25 pay round has resulted in several challenges for employers. The main emerging challenge is now the interaction between the National Living Wage (NLW), salary sacrifice and net deduction schemes being operated by employers. A number of NHS organisations are reporting to us instances of HMRC threatening enforcement action due to their non-compliance with the NLW regulations. Organisations have had no option but to prevent those staff, usually the lowest-earning staff in the NHS, from accessing and benefitting from such an important part of the NHS total reward package. This is seriously impacting on morale and motivation. On 8 August and 22 November 2024, NHS Employers wrote to Darren Jones MP, Chief Secretary to the Treasury to seek a discussion with them around the impact that this is having. At the time of this submission, we have yet to receive a response to this request.

While NHS Employers welcomes the efforts now being made to return the pay setting process back to an April implementation date, this work will unfortunately not be completed in time for 2025/26. We strongly recommend that this progress continues to be prioritised and the timetable in relation to the pay-setting process is adjusted by the government as early as possible, thereby enabling a return to prompt implementation and more timely payment of awards.

Pay and reward: priorities

While employers continue to support the principle of investment in the pay system benefitting all staff, employers retain the view that making progress on the strategic pay priorities we put forward to the NHS PRB for 2024/25 remain a priority moving into the 2025/26 pay round. This is reinforced by the priorities the government has set for its ten-year plan for health. These priorities are as follows:

- Entry-level pay in the NHS needs to be considered on a longer-term basis to align with planned changes to the statutory NLW (band 2 and closed spot salary for band 1).

- Band 1 and band 2 unsocial hours premium anomalies, following successive years of targeted investment to support the pay of lower-banded staff.

- Develop a sustainable plan for more appropriate pay increases (differentials) to be received on promotion between the pay bands.

- Ensure that graduate entry-level pay remains competitive within the wider labour market for graduate professions, and properly rewards career progression and advanced practice.

- Consider the introduction of a consistent national set of pay arrangements to determine the future rate of pay for apprentices in the NHS.

We also continue to make the case for greater flexibility within the NHS Pension Scheme in terms of the level of contributions members pay into the scheme, and the value of benefits they receive in return. This is key to ensuring it remains an attractive and valuable part of the NHS total reward offer.

Job evaluation

There continues to be concerns about the lack of ability to monitor compliance with operational requirements or banding outcomes at either an integrated care system (ICS), regional or national level. This gives rise to concern that there may be significant problems and equal pay risks throughout the service, which have been reinforced by multiple groups of stakeholders. This continues to be seen and reflected in the work that employers are having to manage locally in terms of completing the work to resolve inconsistencies in banding

outcomes for band 2 and band 3 healthcare support workers, with associated costs linked to any local changes made.

The NHS Staff Council's Job Evaluation subgroup is consulting on revisions to the national job matching profiles for nursing and midwifery (band 4 and above). After reviewing evidence and undertaking interviews with nursing staff, draft profiles for both suites were consulted on earlier this year (spring/summer 2024). The consultation on draft profiles for bands 7 to 9 launched on 14 October 2024 and will run until 15 December 2024. NHS Employers has been continuing to engage with employers to encourage their early assessment of the possible impact of profile publication, and to ensure the accuracy of their job descriptions.

Shape of the workforce

Given the significant number of international recruits to date, organisations across the NHS are continuing to support staff recruited from overseas to stay and to thrive in their NHS careers. Our international recruitment toolkit supports employers to adopt and enable good practices and processes for the recruitment of international staff.

Apprenticeships across the NHS continue to grow, with low dropout rates and high retention rates post-training, which we explore more in section 7 of our evidence. However, employers believe a lack of post-training substantive posts counters the 'grow your own' approach, and the appetite to offer apprenticeships. The current recruitment freezes faced by trusts have halted apprenticeship onboarding for 2024/25.

Social care

Following the publication of Skills for Care's Adult Social Care Workforce Strategy, NHS Employers will continue to collaborate and

support the need for a social care workforce plan backed by the government. Our members strongly believe that such an action is essential, along with a broader service and financial strategy for social care. The government's commitment to establish 'fair pay' for social care and a 'national care service' are welcome, but as yet not defined or developed.

Informing our evidence

NHS Employers welcomes the opportunity to submit our evidence on behalf of NHS employers in England.

We continue to value the role of the NHS PRB in bringing an independent and expert view on the full range of remuneration issues relating to employees covered by the main NHS terms and conditions of service (Agenda for Change (AfC)).

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

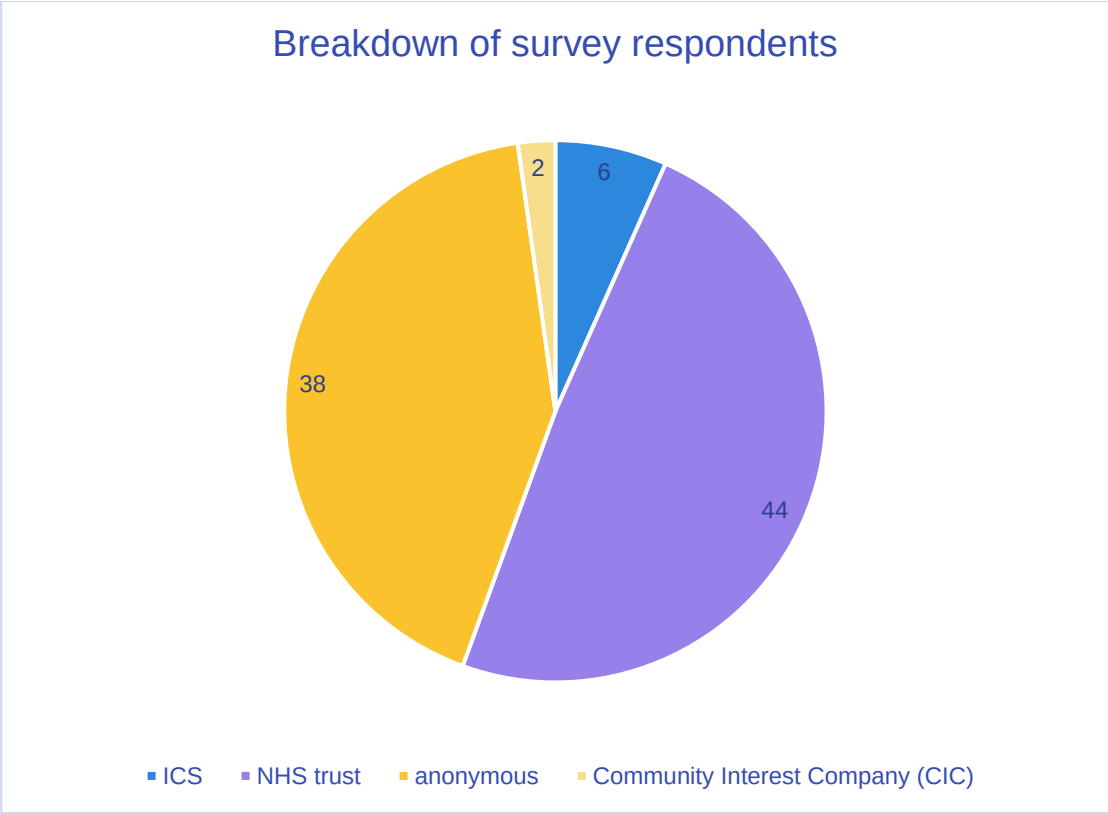
- maintained regular contact with our policy board, which is made up of a cross-section of senior leaders from across the NHS
- engaged with HR directors/chief people officers across the service, via their regional networks
- engaged with employers who are part of our reward and recognition; health and wellbeing; education and training; recruitment; terms and conditions of service; and staff experience networks
- conducted a survey which was distributed to senior workforce leaders across the country
- maintained regular contact with our NHS Confederation colleagues who run networks with a range of employers.

We act as a link between national policy and local systems, sharing intelligence and operating networks for trusts and other employers to share successful strategies. We are part of the NHS Confederation, the membership organisation that brings together, supports and speaks on behalf of the whole healthcare system.

Our submission reflects the views of employers on the combined effect of the financial, economic and workforce challenges the NHS is continuing to face. It builds on our evidence submitted in 2024/25 and covers several strategic pay priorities for employers in the context of improving and futureproofing the AfC pay and reward structure for staff.

Our NHS PRB employer engagement survey, to help gather views from employers across the service, received a total of 90 detailed responses.

Below is the breakdown of respondents.



Recommendations

Our evidence to the NHS PRB for 2024/25 set out a number of pay priorities that employers across the NHS had put forward as areas that needed targeted actions. Making progress in these areas remains a priority for employers for the 2025/26 pay round.

1. **Competitive pay for entry-level roles:** Establish a future-proofed plan to create and retain a sustainable competitive market position on pay for entry-level roles to align with planned changes to the statutory National Living Wage and the expected trajectory of Living Wage Foundation rates of pay (band 2 and closed spot salary for band 1).

2. Additional targeted action at the **entry point of band 5**, supporting the attraction, recruitment and retention priorities by supporting new graduates across all roles and professions to align with priorities in the NHS Long Term Workforce Plan.

3. **Pay incentives for promotion:** Develop a sustainable and targeted plan for more appropriate pay increases to be received on promotion between the pay bands. This process to start with action to address the gaps between band 6 and band 7 and band 7 and band 8a. Further structural reform is required across the whole system, but it is recognised that this will need to be addressed over the longer term.

4. **Pay progression:** Identify options and agree a preferred approach and implementation plan to support future pay and earnings progression - particularly for graduate entry roles and

pay bands - that is short of the additional responsibilities (and pay) shouldered on promotion.

5. **Anomalies in unsocial hours payments:** Targeted action to address anomalies created by the implementation of consolidated pay changes in 2023/24 and successive years of investment in base-pay changes to band 1 (closed) and band 2 in relation to unsocial hours premium payments.

6. **Pay for apprentice roles**: Introduction of a consistent national pay framework to govern the rate of pay for apprentices in the NHS (NB: this will need to assess the position for medical apprenticeships).

Section 1 – Context

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

Economic factors and labour market statistics

Inflation, cost of living and pay growth

Current inflation figures (CPI measure) stands at 1.7 per cent (as of September 2024). Although inflation rates have continued to fall since the autumn of 2022 from a high of 11 per cent, prices overall continue to remain high but are growing at a slower rate than seen in previous years. High prices will continue to impact on the personal budgets of NHS staff, and NHS organisations continue to offer financial wellbeing support to help to address some of the effects of these pressures. The impact on staff members' mental and physical wellbeing linked to the high costs of living remain a significant concern for employers.

While inflation has reduced over the last six months, real pay growth rates have increased on the year. ONS data shows that annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 5.1 per cent from May to July 2024, and annual growth in total earnings (including bonuses) was 4 per cent. Using

CPI real earnings, regular real pay rose by 3 per cent on the year, which is lower than the previous three-month period when it was 3.2 per cent. Total real pay rose by 1.9 per cent on the year from May to July 2024. The public sector shows a stronger regular growth rate than the private sector, as the total annual growth was affected by NHS and civil service one-off payments made in June and July 2023.

Rates of employment, unemployment and economic inactivity

Data as at September 2024 shows the employment rate now stands at 74.8 per cent, unemployment at 4.1 per cent and economic inactivity at 21.9 per cent, with all three indicators now back to more or less where they were a year ago. However, employment and economic inactivity remain significantly worse than they were before the pandemic began. The government's plan to tackle economic inactivity and get people back into the workplace is welcome, and NHS organisations are playing an active role in this work.

Although unemployment rates are down to 4.1 per cent, there is concerning data around different groups who are unemployed. Data shows a significant increase in the number of people out of work who are aged under 35, with an increase in young people aged 16-24 who are not in full-time education or the labour force. This is the highest this has been since comparable records began in the 1990s.

There has also been an increase in the number of women out of work with caring responsibilities, and an increase in men off work with long-term health conditions. The annual population survey data shows that between April 2023 and March 2024 long-term sickness has increased across all age groups across the UK. This is a concern for the NHS as this will put further pressure on NHS services, particularly if this continues to increase over the next few years.

The government's ambition for economic growth

Following an independent investigation into the state of the NHS by Lord Darzi, the Prime Minister announced the government's ambitions for the NHS and the 'three big shifts' required to put the NHS back on track: a move from analogue to digital, a shift of care from hospitals to communities, and a change from sickness to prevention. The NHS Confederation's members have particularly welcomed the shift to focus on prevention and the role the NHS can take in economic growth and development when it is operating in local communities as an 'anchor institution'. This includes a focus on access to work for disadvantaged communities, and broader support for social mobility. NHS Employers' widening participation hub includes a range of resources to support the access of good employment opportunities into local communities.

One member said:

"I see our role as the crucial anchor organisation rooted in the area, as the main employer, supplier and purchaser of local services. In an area like ours, with increasing health inequalities and long-term unemployment and low skills, my vision is to be an anchor organisation, working with and for local communities, in partnership with schools, colleges, training and education and local firms and suppliers."

Workforce

There is some evidence to suggest that the overall growth in the NHS workforce may now be showing signs of slowing or even reducing. NHS workforce statistics covering the period up to July 2024 continue to show workforce growth, albeit now at a lower rate in 2024 than in 2023 and slowing sharply in the last quarter. The fall in recent months is partly due to a reduction in the use of agency staff. Employers across the service have also reported needing to place

stringent financially based vacancy restrictions and some headcount reductions, especially in those most financially challenged systems.

The independent investigation of the NHS in England was commissioned by the government to understand the performance of the NHS and provide an analytical diagnosis of issues that exist in the system. Professor Lord Darzi's report and its insights will set a baseline for the upcoming ten-year health plan. A number of issues were highlighted as part of the investigation, including finances, productivity and the aftermath effects of the COVID-19 pandemic. We welcome the recognition in the report on two significant workforce issues facing the NHS right now: staff experience and lack of management capacity.

In terms of staff experience, the report describes a concerning drop in 'discretionary effort' being seen across a range of roles between 2019 and 2023. This refers to the number of unpaid hours being worked by staff over and above their contracted hours and the investigation concluded from this data that NHS staff are burnt out following the pandemic.

We also see this further evidenced across the NHS through a reduction in workforce availability, seen from recent sickness absence data. As of May 2024, total staff sickness absence was 4.71 per cent, which is slightly higher than the year previous.

Anxiety, stress, depression and other psychiatric illnesses were the most reported reasons for sickness, accounting for over 562,000 full-time-equivalent days lost and 26.9 per cent of all sickness absence in May 2024.

The King's Fund report, How Does the NHS Compare to the Health Care Systems of Other Countries? highlighted how the UK continues to have fewer doctors and nurses per head than most of its peer nations. With patients now having more acute complex health needs requiring longer lengths of stay, combined with constrained capacity across the system, having fewer staff who are well in work contributes to the fall in overall

productivity. The after effects and disruptive impact that industrial action has continued to place on the service has further compounded some of the operational challenges faced by employers.

The government's plan to 'make work pay' places emphasis on a comprehensive overhaul of employment law and the introduction of enhanced workers' rights, aiming to create a fairer and more equitable working environment. Some key parts of the plan include ensuring a genuine living wage for all, enhanced flexibilities and basic day-one employment rights. For all organisations this will translate into a series of significant changes that will impact the way they operate. There is a concern that if the employment baseline and standards of work are increased, something which the NHS offers already as part of its total reward package, the NHS will lose some of its competitive advantage within the wider labour market and economy and its 'pull' as an employer of choice. At a time when the NHS is already under significant financial pressure, organisations may find it challenging to look for further ways to improve the total pay and reward offer, over and above what will be the new normal baseline expectation. This reinforces the third recommendation made by the NHS PRB in its 2024/25 report (to provide the NHS Staff Council with a mandate to resolve outstanding concerns within the AfC pay structure) and the focus on people as a key enabler to the delivery of the government's ten-year plan.

Vacancy rates

The number of vacancies across the UK economy (reported in the latest ONS data) has decreased from 1.3 million in May 2022 to 857,000 in August 2024. During the most recent quarter from June to August 2024, human health and social work sector has seen one of the largest decreases compared to all other industry sectors.

As of June 2024, NHS vacancies stand at 112,846, which is a 16.3 per cent decrease from the same point in 2023. Figures 1 and 2 on page 20 show the fluctuation in NHS vacancies across different staff groups over the last five years, alongside the vacancy rate per sector. Years have been measured from July to June due to data availability.

Figure 1 – Fluctuation in NHS vacancies

Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Additional Clinical Services	26,559	31,216	45,191	46,535	39,563
Additional Professional Scientific and Technical	10,956	13,601	17,245	18,341	15,338
Administrative and Clerical	44,824	52,959	80,063	74,204	57,524
Allied Health Professionals	15,568	18,232	25,313	26,346	21,576
Estates and Ancillary	5,196	5,945	9,622	9,963	9,186
Healthcare Scientists	3,439	3,703	4,350	4,651	4,448
Medical and Dental	12,781	12,547	14,798	14,939	15,237
Nursing and Midwifery Registered	53,962	63,275	79,365	78,176	65,015
Students	411	479	521	618	664
Grand Total	173,697	201,957	276,466	273,773	228,550

Figure 2 – NHS vacancy rate across sectors

	Sector	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24
Vacancy FTE	Acute	79,562	79,992	57,749	70,640	89,497	83,863	74,722
	Ambulance	2,850	2,392	1,257	1,528	3,790	4,384	3,698
	Community	4,333	4,436	3,581	3,885	5,370	5,600	6,258
	Mental Health	20,806	21,736	18,085	20,263	28,996	29,054	25,524
	Specialist	2,728	3,309	2,530	2,510	3,566	3,635	2,644
National Total		110,278	111,864	83,203	98,827	131,219	126,536	112,846
Vacancy rate (%)	Acute	9.4%	9.2%	6.4%	7.5%	9.1%	8.2%	7.1%
	Ambulance	6.5%	5.2%	2.6%	3.0%	7.0%	7.8%	6.3%
	Community	8.4%	8.7%	6.9%	7.2%	9.4%	9.3%	10.0%
	Mental Health	10.7%	11.0%	8.8%	9.5%	12.7%	12.0%	10.3%
	Specialist	6.6%	7.8%	5.7%	6.1%	8.1%	8.0%	5.7%
National Total		9.4%	9.2%	6.6%	7.6%	9.6%	8.9%	7.7%

Source: NHS Digital

It is interesting to see the fluctuations in vacancy levels by staff groups. While nursing and midwifery vacancies have dropped over the last three years, they remain higher than pre-pandemic levels. This is the same across all staff groups, with the highest levels of vacancies carried during the year 2021/22. The data also shows that mental health trusts have always had a higher vacancy rate than the national total since 2018. The acute sector seems to track the national vacancy rate year on year.

Financial

In the 2024 Autumn Statement, the government announced a number of funding commitments that will impact on the NHS health and care workforce:

- £22 billion increase in the total health and social care revenue and capital funding as part of a two-phased Spending Review.

- An additional £3.1 billion increase to the capital investment budget for the NHS for this year and next.

- An estimated real-terms increase of 3.2 per cent in core local government funding in 2025/26 as well £1.3 billion of new grant funding, £600 million of which will be allocated to social care.

- From April 2025 employer National Insurance contributions will rise by 1.2 per cent, increasing the contribution rate from 13.8 per cent to 15 per cent. HM Treasury appears to have made an allowance for public sector bodies in its employer National Insurance calculations. The NHS Confederation has approached the Treasury for confirmation on the exact impact for statutory and non-statutory NHS employers or its overall impact on the net NHS funding increase.

- The threshold at which employers start paying National Insurance on a workers' earnings will also be lowered from £9,100 to £5,000.

- From April 2025, the National Minimum Wage (NMW) for over 21s, known officially as the National Living Wage (NLW), will rise by 6.7per cent, from £11.44 to £12.21 per hour. The NMW will also rise by 16.3 per cent for people aged between 18 and 20 years old from £8.60 to £10. Apprentice pay will rise from £6.40 to £7.55 per hour.

- The current rate of pay for entry-level band 2 is £12.08 per hour and the entry point to band 3 is £12.31. While there is a

commitment from the government to return to a cycle which confirms pay awards in time to be effective from April, it is unlikely to align in April 2025. If no pay award is announced before April 2025, NHS Employers will seek an interim measure from the government to ensure that the entry-level pay points are compliant with legislation. We further explore the NLW and its interaction with the bottom of the NHS pay structure in section 2 of our evidence.

Given the current fiscal pressures on government and NHS budgets, delivery of future headline pay awards for NHS staff will be impacted. The last two years have seen NHS staff receive 5 per cent in 2023/24 and 5.5 per cent in 2024/25. Given the current situation with public finances, and a welcome decrease on inflation rates, it suggests that above inflation pay uplifts are likely to be more challenging to be achieved.

In March 2024, the Chancellor set out a flat spending announcement for the NHS in 2024/25. This resulted in the NHS being given an extra £2.4 billion in revenue funding for the year. The NHS Confederation's report into the state of NHS finances describes how many NHS organisations are having to meet high efficiency targets of 5 per cent and beyond, with some as high as 11 per cent. This is the tightest financial position NHS organisations have faced in years. Of 110 NHS leaders who took part in the survey, over half of integrated care boards (ICB) and NHS trust respondents predicted that they will not meet their targets, with almost two-thirds saying they won't be able to meet their target without more money from NHS England within the year. This level of savings to hit such targets would mean some organisations end up in a deficit position again, preventing their ability to plan services and represents poor value for money.

Industrial action

Employers have endured the longest period of industrial action in the history of the NHS, with significant disruption to NHS services.

While it is welcome that the industrial action pressures have recently reduced (outside of the continued action being taken across primary care), tensions with AfC and medical trade unions remain. Recovery and a return to normal working relationships with trade unions will require significant efforts in the year ahead. It is important for the NHS PRB to understand that further industrial relations challenges linked to the 2025 pay round cannot be ruled out. This can be seen by the continued concern from the RCN, whose members have rejected the 2024/25 pay award recommendations made by the NHS PRB and accepted by government for implementation .

According to NHS England figures, industrial action has cost the NHS around £3 billion when loss of income is factored in from elective activity that wasn't delivered. In May 2024, the NHS Confederation surveyed NHS leaders across all parts of the NHS on the state of finances and the challenges. 63 per cent said that further industrial action would significantly hinder their ability to meet their efficiency target this year.

ONS data shows there were also an estimated 42,000 working days lost because of labour disputes across the UK in July 2024. Most of the strikes were in the health and social care sector.

NHS Long Term Workforce Plan

The NHS Long Term Workforce Plan (LTWP) sets out ambitious plans to grow the NHS workforce over the medium-to-longer term.

One area the plan does not cover is pay in relation to the recruitment and retention of staff. Pay remains a crucial part of the total reward offer. Employers in the NHS recognise that an appropriate remuneration and reward package offer for staff must be in place to enable the NHS to compete in the long term in the wider labour market, as well as retain valuable existing employees.

Employers remain of the view that the LTWP needs longer-term sustainable funding attached to it to support full implementation and delivery. There are also concerns over the plan's ambition around expanding the numbers coming out of training and tensions between the financial pressures facing NHS organisations that have been tasked with making savings across the overall pay bill, and in some cases the substantive workforce. It is to be hoped that the ten-year plan brings greater clarity as to long-term investment in the NHS, its people and infrastructure.

NHS Pay Review Body process

For several years we have repeated in our evidence that employers are concerned about the impact the delay of implementation of the pay award has on staff across the service.

In July 2024, the government confirmed it had accepted the headline pay award recommendations of the NHS PRB and Doctors' and Dentists' Review Body (DDRB) in full during the Chancellor's speech. Pay awards were implemented in October salaries and were backdated to the effective date of 1 April. It is disappointing for staff who should receive an annual uplift to their salary every April, particularly those on the lowest salaries who need the uplift at the time when they expect it. There is also an increased administrative burden on employers having to implement a backdated pay award at a local level going back several months.

This issue continues to be compounded by the annual NLW increases. The new government has set out plans to 'make work pay' to make sure the NMW is a real living wage. It has already taken steps towards this by issuing a revised remit to the Low Pay Commission (LPC), which has led to the recently published LPC response.

From April 2025 the government has announced that the NLW will rise by 6.7per cent, from £11.44 to £12.21 per hour. The hourly rate at band 1 and band 2 is currently £12.08. We do not expect pay

awards to be implemented on time again for 1 April. If no pay award is announced before April 2025, we will require an interim measure from the government to ensure that the entry-level pay points are compliant with legislation. The entry point of band 3 currently stands at £12.31 per hour. The NLW rate of pay set for 2025 means that there is a 11p premium for individuals at this band. This highlights that change to the NLW is starting to impact further up the AfC pay system, further compressing the bands. Band 3 sees staff taking on a significant amount of additional responsibility that should be supported by being paid above an entry level role. We have included further analysis and commentary to explain this issue in section 2 of our evidence.

Another consequence of a delayed pay award can be seen in relation to the salary thresholds in operation for health and care worker visas. Each April, the Home Office (HO) reviews/increases the salary thresholds for these visas. Delays to implementing the pay award has meant that employers have faced challenges for a period of six months because entry-level band 3 roles did not meet the new HO minimum salary threshold. We explain this issue further in section 7 of our evidence.

Securing improvements to the current process, and particularly the timetable in operation, remains a key priority for employers. We are pleased to see efforts are being made to return the pay setting process back to April implementation for 2025/26 and beyond. We recommend that this progress continues to be prioritised and the timetable in relation to the pay-setting process is adjusted as early as possible, thereby enabling a return to prompt implementation and more timely payment of awards.

Employers welcomed the commitments made by the government in the 2023 agreement to review the pay setting process; including looking at how the NHS Staff Council could have an increased involvement in the NHS PRB process. This would allow for issues connected to how the pay system is operating in practice (including

any current priorities and challenges) to be raised and considered alongside financial considerations.

We understand that the Department of Health and Social Care (DHSC) is liaising with HM Treasury (HMT) so that a proposal can be made to the NHS Staff Council Executive for consideration.

It also remains fundamental that pay awards are fully funded across the whole of the health sector and not just to provider trusts. Those organisations that provide and deliver NHS services need to be incorporated into any funding decisions made.

2024/25 pay award and recommendations

In July of this year, the government accepted the following recommendations of the NHS PRB as outlined in its 37th report, and agreed a 5.5 per cent consolidated uplift, backdated to 1 April 2024:

- Bands 8a-9 introduction of intermediate pay points: This includes the introduction of intermediate pay points to which staff should progress after two years at the respective band.

- Mandate to resolve pay structure issues: NHS PRB has acknowledged that there are key structural pay issues with the AfC pay system that remain a concern. This recommendation, accepted by the government, will provide the NHS Staff Council with a funded mandate to begin a process (through negotiations) to resolve outstanding concerns across the AfC pay structure.

At the time of writing our evidence, we are awaiting confirmation from the government regarding what will be included in a mandate to the NHS Staff Council, including the investment available.

Employers across the service feel this is a welcome start to the progress needed on addressing some of the wider structural pay issues across the AfC pay system.

Framing our 2025/26 written evidence

NHS Employers' written and oral evidence for the 2024/25 pay round set out a number of strategic pay priority areas that would help address some of the wider structural issues. Employers still consider these priorities to be relevant going into this pay round.

Given the progress made in trying to bring the 2025/26 pay setting process closer to an April implementation date, the window of opportunity for engagement and evidence collation for all parties has been limited. Therefore, this year our evidence will provide an updated contextual position on the NHS AfC workforce and cover specific areas where the NHS PRB requested information.

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

Introduction

The NHS terms and conditions of service (NHS TCS), apply to around 1.3 million staff employed in the NHS, with the terms also applied by charities, social enterprises and the independent sector. Figure 3 details how the workforce is distributed across the NHS TCS pay bands.

Figure 3 - Distribution of the NHS TCS workforce across the pay bands

Band	Total FTE	% of Workforce
Band 1	1,525	0.1%
Band 2	161,745	13.6%
Band 3	188,872	15.9%
Band 4	119,904	10.1%
Band 5	247,322	20.8%
Band 6	222,283	18.7%
Band 7	148,717	12.5%
Band 8a	57,546	4.8%
Band 8b	22,400	1.9%
Band 8c	11,460	1.0%
Band 8d	5,496	0.5%
Band 9	3,010	0.3%
Total	1,190,280	100%

Source: NHS Digital's June 2024 Workforce Statistics

Over the last decade the NHS has seen fluctuations in the level of investment in headline pay award uplifts. Some years there have also been differential pay awards. Figure 4 highlights that over the ten-year period the total headline pay increase has been 28.5 per cent.

Figure 4 - NHS pay awards over the last decade

Year	Increase	Comment	Inflation
2013/14	1%	-	2.7%
2014/15	0%	-	1.2%
2015/16	1%	-	-0.1%
2016/17	1%	-	1.0%
2017/18	1%	-	3.0%
2018/19	3%	Multi-year pay deal	2.4%
2019/20	1.7%		1.7%
2020/21	1.57%		0.5%
2021/22	3%	-	3.1%
2022/23	5%	+Cash	10.1%
2023/24	5%	Band 2 spot salary	6.7%
2024/25	6%	5% pay deal between pay awards	2.2%

Source: NHS Employers

The above inflation pay award for 2024/25 is welcome, however the table shows that pay awards in some years have not kept up with inflation.

Since 2018, limited progress has also been made to address some of the unintended consequences that have arisen as part of pay decisions. That is why we welcome the NHS PRB's recent recommendation around reforming some of the longstanding structural issues. We urge the government to prioritise this work, so that the NHS Staff Council can begin the process of change. A future pay system for the NHS needs to be competitive, sustainable and be able to support workforce growth and improvements to services as set out in the ten-year plan.

NHS Employers strategic pay priorities

Our evidence to the NHS PRB for 2024/25 set out a number of pay priorities that employers across the NHS had put forward as areas that needed targeted action:

- **Competitive pay for entry-level roles:** Establish a future-proofed plan to create and retain a sustainable competitive market position on pay for entry-level roles to align with planned changes to the statutory NLW and the expected trajectory of Living Wage Foundation rates of pay (band 2 and closed spot salary for band 1).

- Additional targeted action at the **entry point of band 5**, supporting the attraction, recruitment and retention priorities by supporting new graduates across all roles and professions to align with priorities in the LTWP and ten-year plan.

The evidence shows that pay increases in the NHS seen for non-graduate entry-level roles has been significantly higher than for graduate roles pay since 2014. Figure 5 highlights this below.

Figure 5 – Starting salary for band 2 compared with band 5 between 2014/15 and 2024/25

Year	Band 2 Starting Pay	Increase since 2014-15	Band 5 Starting Pay	Increase since 2014-15
2014-15	£15,100	0.0%	£21,478	0.0%
2015-16	£15,100	0.0%	£21,692	1.0%
2016-17	£15,251	1.0%	£22,128	3.0%
2017-18	£15,404	2.0%	£22,683	5.6%
2018-19	£17,460	15.6%	£23,023	7.2%
2019-20	£17,652	16.9%	£24,214	12.7%
2020-21	£18,005	19.2%	£24,907	16.0%
2021-22	£18,546	22.8%	£25,655	19.4%
2022-23	£20,270	34.2%	£27,055	26.0%
2023-24	£22,383	48.2%	£28,407	32.3%
2024-25	£23,615	56.4%	£29,970	39.5%

Source: https://www.nhsemployers.org/articles/pay-scales-202425

- **Pay incentives for promotion:** Develop a sustainable and targeted plan for more appropriate pay increases to be received on promotion between the pay bands. This process to start with action to address the gaps between band 6 and band 7, and band 7 and band 8a. Further structural reform is required across the whole system, but it is recognised that this will need to be addressed over the longer term.

- **Pay progression:** Identify options and agree a preferred approach and implementation plan to support future pay and earnings progression - particularly for graduate entry roles and pay bands - that is short of the additional responsibilities (and pay) shouldered on promotion.

- **Anomalies in unsocial hours payments:** Targeted action to address anomalies created by the implementation of consolidated pay changes in 2023/24 and successive years of investment in base-pay changes to band 1 (closed) and band 2 in relation to unsocial hours premium payments.

- **Pay for apprentice roles**: Introduction of a consistent set of national pay arrangements to govern the rate of pay for apprentices in the NHS (NB: this will need to assess the position for medical apprenticeships).

More technical detail can be found in last year's evidence submission.

It is important for the NHS PRB to reconsider these pay priorities alongside our evidence this year. There are several reasons for this:

- We have retested these priorities with employers and they remain of equal importance to them as last year. They remain a priority because little progress has been made in these areas given the short timeframe between pay rounds.

- The introduction of intermediate pay points at bands 8a-9 goes some way to addressing the issue around pay progression. Further targeted action is required to address the small gaps between bands across all pay bands. We set this out clearly in our evidence last year, with suggestions around which bands to target first.

- It remains unknown what will be included in the funded mandate from the government to support the work of the NHS Staff Council to resolve some of the structural issues, as recommended by the NHS PRB. Therefore, it is unknown if these priorities will be addressed in the mandate or not at the time of writing our report.

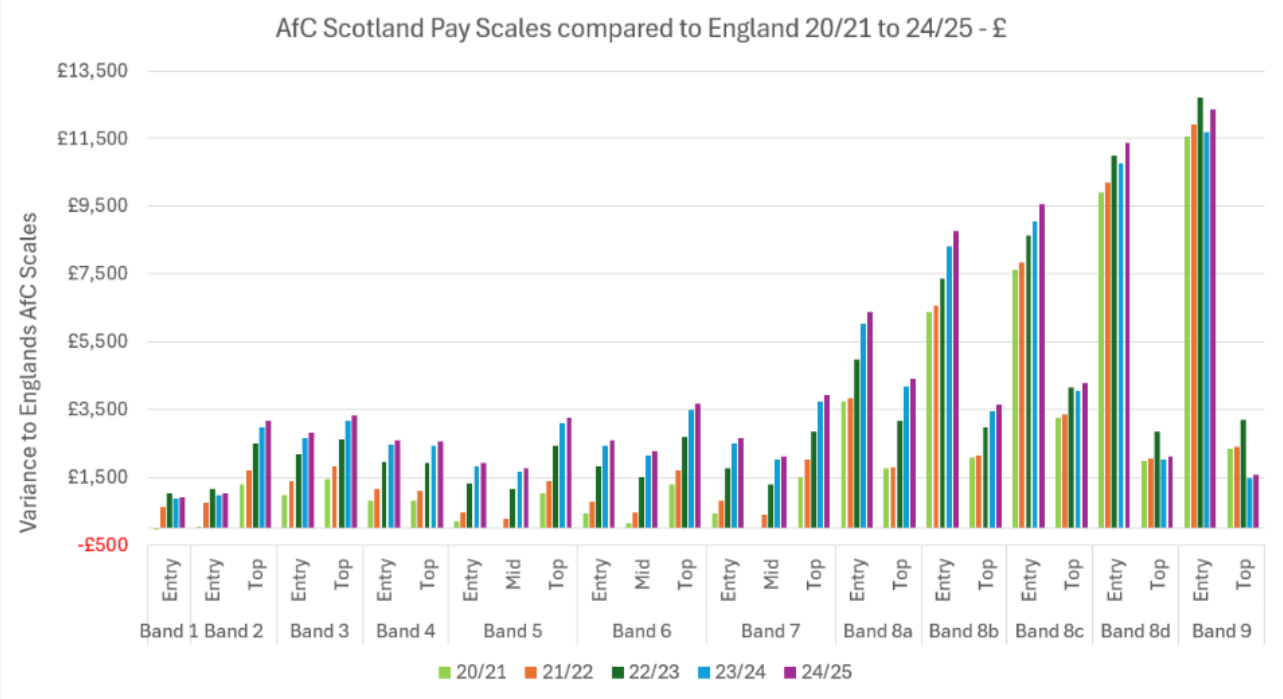
There were a number of areas the NHS PRB asked for further evidence on for 2025/26 that correlate to our strategic pay priorities. We have explored these further in this section of our evidence.

The difference and variations in rates of pay, recruitment and retention across regions

Health has been a devolved matter for a number of decades, which means it is the responsibility of the devolved administrations for areas such as organisational control and funding of the NHS systems. Scotland, Wales and Northern Ireland all have differing health policy priorities which set the agenda for the way services are run, workforce numbers are planned, and pay is set. The NHS Staff Council upholds the responsibility to maintain the entire pay system, however divergence from this continues. In our evidence last year, we detailed our concerns about how this undermines the integrity of the formal structures in place to govern and oversee the entire AfC pay system.

Figures 6 and 7 below, show the difference in pay between England, Scotland and Wales.

Figure 6



The intermediate steps introduced for Bands 8a and above in England (2024) have been omitted as there is no current comparator

Sources:

www.msg.scot.nhs.uk/wp-content/uploads/2021-2022-Pay-Circular-AfC.pdf

www.msg.scot.nhs.uk/wp-content/uploads/PCSAFC2022-03-Pay-for-Agenda-for-Change-Staff.pdf

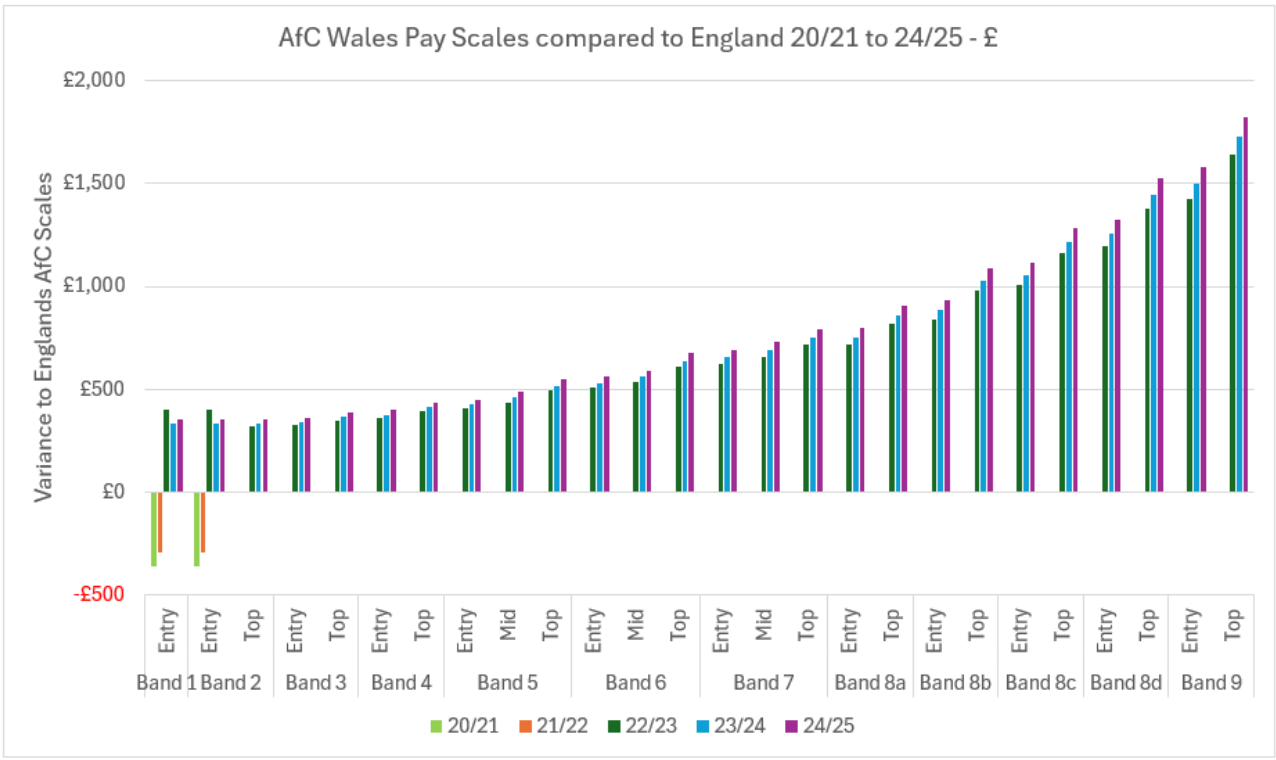
www.msg.scot.nhs.uk/wp-content/uploads/Item-8ii-PCSAFC2023-2-Pay-for-Agenda-for-Change-Staff-inc-FAQ.pdf

www.publications.scot.nhs.uk/files/pcs2023-afc-02.pdf

www.msg.scot.nhs.uk/wp-content/uploads/PCSAFC2024-5-Pay-for-Agenda-for-Change-Staff.pdf

www.nhsemployers.org/articles/agenda-change-pay-advisory-notices

Figure 7



The intermediate steps introduced for Bands 8a and above in England (2024) have been omitted as there is no current comparator

Sources:

www.nhs.wales/files/pc-resources/afc-w-v3-01-2020-living-wage-top-up-and-afc-year-3-2020-pdf-v3-pdf/

www.nhs.wales/files/pc-resources/afcw-032021-pay-award/

www.nhs.wales/files/pc-resources/afcw-022023-pay-award-for-202223/

www.nhs.wales/files/pc-resources/afc-w-04-2023-pay-award-for-2023-24-pdf/

www.nhs.wales/files/pc-resources/afc-w-02-2024-pay-award-for-2024-25-v2-pdf-pdf/

www.nhs.wales/files/pc-resources/afc-w-v3-01-2020-living-wage-top-up-and-afc-year-3-2020-pdf-v3-pdf/
/www.nhsemployers.org/articles/agenda-change-pay-advisory-notices

The baseline / £0 line (X axis) represents the AfC band/ step amount in England. The biggest variance can be seen between the hourly rate of pay at the entry point of band 8b, with Scotland paying 14.1 per cent more per hour than England (a difference in annual salary of £8,771). The second largest variance in basic pay occurs at the bottom end of the pay scale, with staff at the top of band 2 in

England being paid 13.3 per cent less than in Scotland, which is the equivalent of £3,148 less per year.

Through our engagement with employers who work across trusts that border Scotland and Wales in particular, we have picked up a number of issues that the variation in pay is affecting in the recruitment and retention of staff.

There are two NHS trusts (one mental health and one acute) that cover the geographical area up to the Scottish Borders in both the north east and north west. In total, they have 15,000 staff employed across both organisations. They have reported that travel to Scotland is easy for staff living nearby, for the greater rates of pay. The road infrastructure makes it easy to commute in these areas and they have a number of staff living in Scotland as well as England. They report this as being their key reason they struggle to recruit. NHS Borders is one of the 14 health boards within NHS Scotland. It provides healthcare services for the Scottish Borders, the south-east region of Scotland. NHS Borders is not far into the Scottish border so travel time can be just as easy to travel to Scotland than England. Some of the staff who work for the English NHS trusts that live in Scotland find even a commute time to Edinburgh is not significant, which reflects the commuting distance as being something staff are happy to do. This makes recruitment and retention, particularly in Cumbria, an issue for both the trusts that cover this area of England.

For those trusts that border Wales, employers have reported that the divergence in pay has created unnecessary recruitment churn; seen often by newly qualified staff chasing a promotion. One trust in particular reported experiencing formal grievances after the 2022/23 pay award (non-consolidated lump sum), as the Welsh and English arrangements were different. To expand on this example, the pro-rata amounts were paid in Wales, and this created an expectation within the cohorts of staff who had worked for employers in both countries during the year that this would be the case.

While there is acknowledgment there are devolved arrangements for government, employers are of the view that it would make things less challenging from a pay and workforce perspective to have singular pay spine values that covered all UK nations. The divergence in pay remains a potential risk factor for those border trusts and employers continue to monitor this position.

Entry-level pay and the National Minimum Wage

Staff working in bands 1 to 3 in the NHS make up 29.6 per cent of the total workforce. To support the lowest paid, these bands have seen the biggest investment in recent years when compared to the rest of the AfC pay bands. Figure 8 highlights this in more detail. The biggest increase can be seen at band 2, which over a decade has increased by 35.5 per cent.

Figure 8 – Entry-level pay

Band	2014 Min	2024 Min	% Change	2014 Max	2024 Max	% Change
2	£14,294	£23,615	65.2%	£17,425	£23,615	35.5%
3	£16,271	£24,071	47.9%	£19,268	£25,674	33.2%
4	£18,838	£26,530	40.8%	£22,016	£29,114	32.2%
5	£21,478	£29,970	39.5%	£27,901	£36,483	30.8%
6	£25,783	£37,338	44.8%	£34,530	£44,962	30.2%
7	£30,764	£46,148	50.0%	£40,558	£52,809	30.2%
8a	£39,239	£53,755	37.0%	£47,088	£60,504	28.5%
8b	£45,707	£62,215	36.1%	£56,504	£72,293	27.9%
8c	£54,998	£74,290	35.1%	£67,805	£85,601	26.2%
8d	£65,922	£88,168	33.7%	£81,618	£101,677	24.6%
9	£77,850	£105,385	35.4%	£98,453	£121,271	23.2%

Source – NHS Employers

The investment in the lower pay bands has been seen due to a number of factors: NLW threshold increases, cost-of-living pressures challenging inflation, and general cost-of-living pressures.

We continue to hear from employers that staff at these bands are driven outside of the NHS for work in other sectors and industries for less physically and emotionally demanding work, often for small

increases in rates of pay. Employers have continued to feedback that the NHS has become a ‘minimum wage employer’ for jobs that we expect a lot from, even in the lower skilled, lower banded roles. Secondly, the NHS does not have the ability or flexibility to respond as quickly as the private sector to wider market competition and increase the base salaries of those in entry-level roles.

In our evidence last year, we provided some examples of where staff in the NHS do have the ability to receive additional pay that boost total earnings, such as unsocial hours payments and overtime. Figure 9 below shows the hourly rate of pay at bands 2 and 3 when considering their average additional earnings on top. This example highlights that variable pay can be a significant proportion of an individual’s total remuneration. Taking the top of band 3 as an example, the combined hourly rate of £16.65 is the equivalent of someone’s basic hourly rate at the intermediate step of band 5 (£16.53 per hour). While other sectors who compete for entry-level roles may be able to respond quicker on base salary, the total remuneration package when additional earnings are considered can be much more attractive and should be considered when making decisions about the future direction of entry-level pay across the NHS.

Figure 9 – Hourly rate of pay at bands 2 and 3 when considering their average additional earnings top up

Band	Hourly Pay	Total Earnings estimate	Additional Earning estimate
Band 2 Entry	£ 12.08	£ 15.35	£ 3.27
Band 2 Top	£ 12.08	£ 15.27	£ 3.19
Band 3 Entry	£ 12.31	£ 15.68	£ 3.37
Band 3 Top	£ 13.13	£ 16.65	£ 3.52

Source: 2023/24 Sub-group metrics

National Living Wage (NLW) position

In November 2023, the government accepted the Low Pay Commission's (LPC) recommendation, which saw the NLW increase to £11.44 per hour from 1 April 2024. For the NHS, this meant that band 1 (closed) and band 2 remained only 1 pence per hour above the minimum rate. When the government accepted the NHS PRB recommendations for a 5.5 per cent pay uplift for 2024/25, this provided a premium of 64 pence per hour (£12.08), above the NMW rate. A delayed pay award for 2024/25 meant that NHS staff continued at only 1 pence above the NLW threshold, until staff received the uplift (backdated to April 2024) in their October pay. This created a number of significant issues for organisations in terms of their legal compliance with NMW regulations due to existing salary sacrifice/net deduction arrangements.

In July 2024, the government changed the LPC's remit to take account of the cost of living, effects on employment, and developments in the wider economy when making their future recommendations on NLW. This is part of the government's wider plan to make work pay, by developing a genuine living wage.

In October 2024, the government announced that the NLW will increase from £11.44 to £12.21 per hour (6.7 per cent), to maintain the bite (the ratio of the NLW to median hourly pay) at two-thirds of median earnings. The hourly rate at bands 1 (closed) and 2 is currently £12.08. While progress for 2025/26 has been made, we do not expect pay awards to be implemented on time again for 1 April. This will mean that an interim arrangement will be needed to ensure bands 1 (closed) and 2 pay does not fall below the NLW. We continue to engage with DHSC to ensure that any required interim arrangement is communicated and in place for 1 April 2025. The entry point of band 3 currently stands at £12.31 per hour. The NLW rate of pay set for 2025 means that there is a 11 pence premium for individuals at this band. This highlights that the NLW is starting to impact further up the AfC pay system, which further erodes the pay bands and raises concerns for those staff in band 3 who

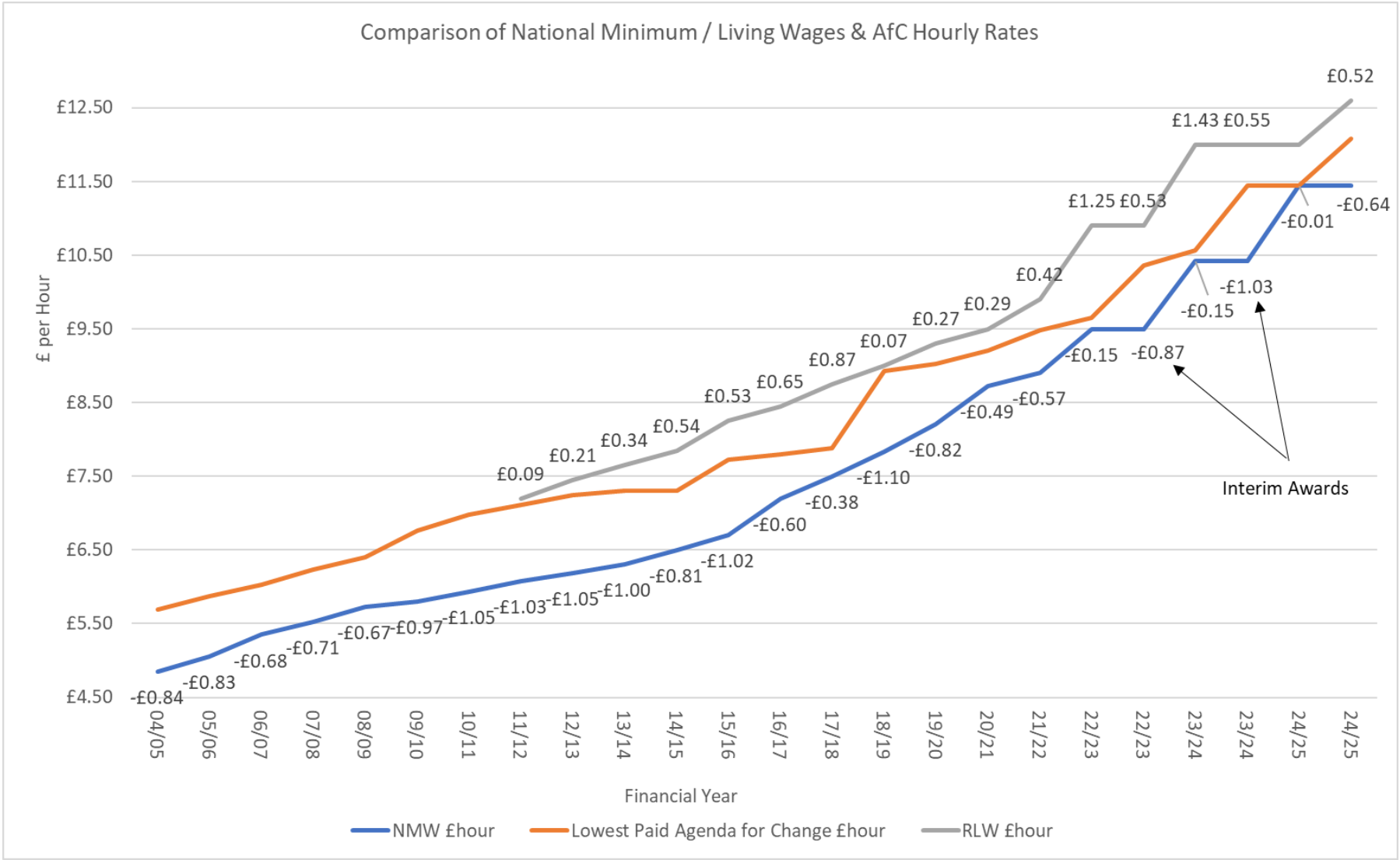
take on a significant amount of responsibility than entry-level roles in the NHS.

There are a number of reasons that support the large increases in NLW including poverty reduction and restoring income inequality for those who are the lowest paid. For the NHS, the short-term annual nature of the pay-setting process means that those staff on the lower bands suffer the effects of this in terms of temporary adjustments for delayed pay awards, and existing salary sacrifice and net deduction arrangements taking them below NMW pay thresholds.

We continue to recommend to the NHS PRB that entry-level pay should be considered on a longer-term basis alongside the estimated future trajectory of the NLW to ensure it remains competitive, sustainable and avoids a repeat of temporary adjustments being made as in previous years. However, it should be noted that this would mean continued investment in the lower bands, which will compress the pay structure further and any gain for graduate entry roles at band 5 could be further eroded.

Figure 10 below shows a comparison of the NLW and the lowest hourly rates on AfC (per hour). This shows that in 2021, the gap narrows between the AfC pay and the NLW and it has continued to track closely against it for many years since.

Figure 10 - Comparison of the NLW and the lowest hourly rates on AfC (per hour)



Salary sacrifice and net deduction arrangements

The interaction between NLW and salary sacrifice and net deduction arrangements in operation across the NHS, continues to be challenging for employers.

Salary sacrifice arrangements are where an employee agrees to reduce their pay in return for a new/enhanced non-cash benefit, which benefits from a full or partial exemption from tax or National Insurance contributions (NICs) or both.

If a salary sacrifice or net deduction arrangement takes an individual's pay below the NLW threshold, there are knock-on consequences for organisations that are non-compliant.

Following the 2024/25 pay award, the hourly rate for band 1 (closed) and band 2 is £12.08 per hour, which provides a buffer of 64 pence between the NLW. Even with a buffer, staff who have existing salary sacrifice arrangements in place may end up falling below NMW when this is accounted for.

Allowing employees to participate in salary sacrifice and net deduction arrangements can lead to NHS organisations inadvertently breaching the NLW rate. The risk of this unwelcome development is heightened where pay awards to be effective on 1 April each year are not applied until the summer or autumn.

A number of NHS organisations have reported that HMRC has advised that where such arrangements impact on NLW compliance, they should be ceased with immediate effect. This means employers have had to resort to taking corrective action to ensure NLW compliance. This is disadvantaging the lowest paid staff the most, who rely heavily on salary sacrifice and net deduction schemes.

Prior to the 2024/25 pay award announcement, the band 1 (closed) and band 2 hourly rate of pay was only 1 pence above NLW (which was £11.44 per hour). There were a number of approaches taken by employers to try and mitigate the need to cease arrangements altogether and to ensure they remained compliant with the NMW. These are further described below:

- Some providers who offer salary sacrifice arrangements agreed to pause any payments until the announcement of any pay award for 2024/25 was made. The outstanding amount would then attach onto the end of staff members' contracts. Where companies do not allow this extension in payment length, employers are asking staff to return their items. This results in said staff member having to pay an early repayment fee.

- Some employers paused net deduction scheme payments where possible or reduced the number of payments – any balance would try to be recovered once the pay award was made.

- Some employers took the decision to top up wages that fell below the NLW. For some staff this is as little as £1, for others it was hundreds of pounds. The top up would need to be redeemed once the pay award was made.

- Salary sacrifice schemes were suspended by some employers, removing an important part of the total reward package for staff.

- We know of one example where an employer gave all band 2 staff a 2 per cent interim pay uplift on the presumption that the 2024/25 pay award would account for this.

- Some organisations introduced net splits, whereby the employer charged the staff member via salary sacrifice to the NLW compliant rate, then the additional amount was deducted from net pay.

- One employer took the decision to put a cap on deductions staff made towards their salary sacrifice scheme and advised that once the pay award was announced, they would aim to recover as much of the arrears as they can from the back pay arising out of the delayed pay award.

Employers have consistently shared their concerns that the actions they had to take because of this issue severely impacted negatively on morale, particularly for staff on the lower bands where retention is already difficult. As referenced in our evidence to the NHS PRB for 2024/25, staff at the lower bands are leaving the NHS to work in other sectors where the rate of pay is greater. Salary sacrifice schemes are an important part of the NHS total reward offer, which were put in place to support staff financially. When these benefits are being declined or removed, this may further accelerate their decision to look for roles and careers outside of the service.

Bringing implementation of future pay awards back to 1 April would help to mitigate the non-compliance of organisations in terms of the NLW and prevent staff potentially losing out on a valuable part of their total reward package. We ask that consideration and assessment is given of the planned trajectory of the NLW, and therefore what the response should be in terms of the AfC pay system to ensure we have a sustainable longer-term position. NHS Employers has written to both the Conservative and now Labour Chief Secretary of the Treasury in May, August and November 2024 regarding this issue, to open a longer-term discussion about the ongoing policy position for the NHS. At the time of submitting our evidence we are yet to receive a reply.

To help employers with understanding the complexities between NLW and its interaction with salary sacrifice, we hosted a webinar in July 2024 in partnership with Ernst and Young. Following this, we developed an online guide and set of frequently asked questions to support employers on some of the more detailed nuances surrounding this issue.

Pay for apprentice roles

Apprenticeships are integral to the NHS workforce and can help address skill gaps and shortages across different professions. They promote different career pathways, providing clearer career progression routes for existing and newly recruited staff. They also offer a balance of practical experience with education, which supports individuals to be well prepared for the demands of their roles. The LTWP and ten-year plan aim to significantly increase apprenticeships to 22 per cent of clinical staff qualifying this way by 2031. This highlights the future direction for apprenticeships, which will expand to become an integral part of the makeup of the NHS workforce.

In February 2024 the NHS had approximately 25,000 apprenticeships enrolled, with retention rates of 90 per cent of those staying to continue in a healthcare career. By way of comparison, this equates to more staff than bands 8c, 8d and 9 combined.

In our evidence submission for 2024/25 we recommended that the NHS PRB considers the introduction of a consistent national set of pay arrangements to govern the rate of pay for apprentices in the NHS.

As part of our engagement with employers, we conducted a survey that was distributed to all HR director/chief people officer networks across England. Every single NHS trust is represented on these networks, along with workforce leads across each ICS. We received a total of 90 responses to the survey.

Employers told us that they have a variety of arrangements in place for how apprenticeships are paid, which would need to be considered when thinking about a consistent pay framework across the NHS. These include the following:

- Use of annex 21 of the NHS Terms and Conditions of Service Handbook.

- After 12 months, apprentices are moved onto a minimum band level rather than onto minimum wage.
- For admin apprenticeships, some trusts recruit people at band 2 who then progress to band 3.
- Some trusts pay the rate for the role, rather than apprenticeship rates.
- Some trusts employ on the pay band minimum to ensure equity, ensuring pay is not impacted for existing staff.
- The national recommendation for apprenticeship pay.
- Some trusts pay all apprenticeships a band 2 salary.
- Some pay the apprenticeship wage for the first year and then move them onto the appropriate band for the remainder of their apprenticeship (depending on their role).

Our engagement with employers has clearly demonstrated that organisations across the NHS do not have a consistent and clear policy or framework in place to determine the level of pay for apprenticeship roles. Where there are already a large number of apprenticeship roles in existence across the NHS, adopting a consistent level of pay may be challenging. Therefore, we think it would be more beneficial to implement an overarching framework.

Employers have strongly indicated that the development of a pay framework, which would provide a level of structure and consistency to the way apprenticeships are supported and paid, would be helpful. 92 per cent of NHS trusts who responded to our survey said they would support a nationally agreed pay framework for apprenticeships across the NHS. A number of employers fed back that they already use Annex 21 of the NHS TCS Handbook, therefore an apprenticeship pay framework, using this as a basis with clear equitable application across all NHS organisations, would be helpful.

This would support clearer banding arrangements to provide consistency across the NHS.

The NHS Staff Council 2018 framework agreement contained a commitment to negotiate a new provision detailing pay for apprentices to be added to the NHS terms and conditions of service. A sub-group of the NHS Staff Council was established to negotiate and explore different approaches but was unable to reach an agreement. This was primarily due to employer concerns about the costs of employing apprentices at the minimum rates acceptable to trade unions, particularly when taking account of backfill costs. Our engagement this year with employers suggests that reaching an agreement on a pay framework, instead of focusing just on pay for apprentices, could be a more positive way forward.

Graduate entrant pay

20.8 per cent of the NHS workforce is made up of band 5 staff and is the level where all graduate professionals begin their NHS employment. The highest concentration of the workforce still remains in band 5 and 6, which reflects the technical expertise and significant numbers of qualified staff that the NHS needs to employ. Ensuring the NHS offers competitive rates of pay and earnings progression for this group of staff remains vital when addressing the recruitment and retention issues at graduate entrant level.

In our evidence to the NHS PRB last year, we recommended that there needed to be additional targeted action at the entry point of band 5 to support all professional groups and that the starting salary rate of teachers was an important benchmark for the NHS.

We wanted to further clarify our position on our comparisons drawn between NHS and teachers' pay.

In July 2024, the independent School Teachers' Review Body (STRB) recommended a pay award of 5.5 per cent to uplift the pay

and allowances for teachers in England from 1 September 2024, which was accepted by the government. This now sees the starting salary for a teacher rise to £31,650 (excluding London). The 2024/25 AfC pay award saw the bottom of band 5 rise to £29,970. Teachers also have greater scope for earnings across their career, with nine years of pay progression before they move on to lead practitioner or leadership pay ranges. Taking band 5 for example, the earnings progression is only five years. There is a potential that when individuals are looking at their future career choices and making decisions about which courses to apply for, they may look to select teaching as a profession rather than healthcare because of the distinct difference in starting salary, as well as earnings potential across their career.

There is no data to suggest that people are leaving the NHS to work as a teacher, but for undergraduates making those initial choices, entering a profession that seems more attractive and competitive from a pay perspective may be a large factor in someone's decision.

NHS graduate entry pay is broadly competitive within the market, with the median real-terms salary of a graduate in the UK standing at £26,000 in 2023.

However, there is lack of earnings potential five-to-ten years post-graduation across some professions in the NHS, which presents a risk to employers around retention. As this is a structural pay issue and something out of NHS organisations' individual remit to rectify, employers have identified a number of areas that could help make graduate roles more attractive.

Furthermore, graduate pay cannot be looked at in isolation and with recent focus on lower-paid roles, the margin between bands 1 to 4 and band 5 (graduate entry) has been eroded, which changes the perception of the professional status of the roles.

Graduate roles require technical skills and expertise and should offer an individual the opportunity to receive enhanced learning that feeds into

their competency development and performance. Access to accelerated leadership development programmes would support graduates in gaining a level of skill to help them seek out further opportunities. The assumption of graduates early in their careers can be geared towards staying on a linear career path. Having access to different settings will strengthens their skills and experiences, so they can access different roles and opportunities across the wider NHS and other graduate professions. We have also heard from employers about the need to better describe and strengthen the career pathways of graduates at profession level to help these roles become more attractive.

For NHS-related health degrees, individuals will graduate with on average £35,000 of debt. In terms of repaying a student loan, this only begins once the minimum earnings threshold is met and the repayment plan will depend on the type of course and the date the course began.

Recent pay awards, while welcome, make more newly qualified AfC band 5 nurses (and midwives and allied health professionals) liable for student loan repayments. Repayments begin the April following graduation and amount to a salary deduction of £20.15 per month (29,970/12 = 2,497.50; – 2,274 (earnings threshold) = 223.50; – 9 per cent of 223.50 = £20.15) This figure is based on basic salary and excludes unsocial hours renumeration.

While not applicable for this review, the NHS PRB is asked to note that future salary increases will increase repayments for students drawing down loans from 1 August 2023. Repayments begin in April 2026 with a lower threshold of £25,000 per annum and a 9 per cent rate applied on earnings above this.

There is a risk that the more the student loan repayments impact on graduates' take-home pay, it could result in a decrease in morale and motivation and leave them feeling like they are not being sufficiently remunerated for the level of demands placed on them within their roles, particularly when they have just embarked on their postgraduate career.

Section 3 – Non-pay elements of the Agenda for Change deal

2023 non-pay commissions and recommendations

As part of the 2023 negotiated pay deal, there were a number of non-pay related pieces of work commissioned.

The NHS Staff Council was the lead body for four of those commitments:

1. Amendments to the AfC terms and conditions to support existing NHS staff to develop their careers through apprenticeships.

2. Developing recommendations to support the fair and consistent application of the NHS Job Evaluation Scheme, helping staff to be confident that they are in the appropriate pay band for the work they are asked to do.

3. Identifying changes that could be made to the AfC terms and conditions to help reduce reliance on agency workers.

4. Considering the introduction of a cap so that redundancy payments would not exceed £99,999.

The NHS Staff Council co-led the commission with the Social Partnership Forum (SPF) to identify ways to tackle and reduce violence against staff.

All of these workstreams established task and finish groups. These operated in partnership involving employer and trade union (TU) representatives from the NHS Staff Council with policy leads from NHS Employers and representatives from NHS England and DHSC. The groups were co-chaired by an employer and TU representative.

Each group developed a set of joint recommendations in response to their commission. These are summarised below.

Amendments to the AfC terms and conditions to support existing NHS staff to develop their careers through apprenticeships.

From 1 July 2024, the NHS Terms and Conditions of Service Handbook contains a provision that preserves the pay of staff who take on an apprenticeship as part of their NHS career development. This provision is outlined in Part 2, Section 1 ‘pay structure’, with further detail provided in a new Annex 30. Cross references in Part 2, Section 6 ‘career progression’ and Annex 21 have also been made.

Developing recommendations to support the fair and consistent application of the NHS job evaluation scheme, helping staff to be confident that they are in the appropriate pay band for the work they are asked to do.

The recommendations for this workstream seek to:

- restore confidence – by reaffirming contractual entitlement

- build capacity – by introducing a programme of activity to improve performance and accountability

- enable modernisation – by investing in a digital platform for job evaluation (JE) reporting, monitoring and oversight.

Identifying changes that could be made to the AfC terms and conditions to help reduce reliance on agency workers.

The joint recommendations that were agreed are as follows:

- Re-promote the NHS Staff Council guidance on how to calculate salaries following promotion.

- Flexible working. The group recommended further work is undertaken with NHS England and NHS Employers through the NHS Staff Council mechanism to better understand some of the key barriers, including those that are impacting recording and monitoring and work collaboratively to find solutions.

- Review Annex 7 in its entirety, including identification of any funding implications of making changes to Annex 7. This would allow alignment and modernisation of the annex with current working practices and would further support the group's recommendation on flexible working.

- The NHS Staff Council to reconvene work on the use of time off in lieu (TOIL).

Considering the introduction of a cap so that redundancy payments would not exceed £99,999

An agreement could not be reached on the introduction of a reduced cap.

Identify ways to tackle and reduce violence against staff

The recommendations centred around five areas:

1. Making work and workplaces safer.
2. Leadership.
3. Data-driven decision-making and supporting a reporting culture.
4. Risk assessment training and support.
5. The role of partnership working.

Recommendations will be submitted to ministers following the programme board on 5 November, at which the final reports from all workstreams were signed off (except for pay setting where there are ongoing discussions with the NHS Staff Council). The timeline for feedback is currently unknown.

A communications update from the joint chairs of the programme board has been uploaded to the NHS Employers website following that meeting and copies of the full reports have been shared with members of the NHS Staff Council for internal use only.

Section 4 - The principle of equal pay for work of equal value

It is important to state that there have not been any significant legal cases relating to equal pay in the NHS since Hartley-v-Northumbria-Healthcare (2009), which held that the AfC pay structure, and the Job Evaluation Scheme (JES) that underpins it, does not discriminate on ground of sex and satisfies the requirements of the then Equal Pay Act 1970.

The continued learning from this case emphasises the importance of robust application of the JES at a local level and the importance of good job design and job description practice. It remains a concern that job description evidence received by the NHS Staff Council Job Evaluation Group for the national work it undertakes is often incomplete or out of date.

We are not aware of any legal claims against NHS organisations currently going through the court system, but have heard anecdotally that equal pay issues tend to be resolved locally before proceedings are launched.

Employers continue to report concerns that seemingly similar roles are being paid differently in different organisations, and that this is felt to cause difficulties with attraction, recruitment and retention, if

not equal pay issues (as comparators must be employed in the same organisation).

All roles should have gone through proper assessment under the NHS job evaluation process, but without a national system to undertake any monitoring of outcomes and decision-making, it is impossible to determine the reasons behind such differences. The development of hospital groups and closer working across ICS areas may sometimes exacerbate this issue.

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

Job evaluation task and finish group

We were pleased to provide both the policy leadership and administrative support for this piece of work. It is worth noting the consensus that was formed between the parties on the key issues and on the actions needed to address them.

As noted below, we do not envisage the current levels of activity around job evaluation to reduce in the short-to-medium term. It is therefore important that these recommendations are properly considered by the government.

Nursing and midwifery profile review

At the time of writing, the NHS Staff Council's Job Evaluation subgroup is consulting on revisions to the national job matching profiles for bands 7 to 9 in both nursing and midwifery.

We are working with the NHS Staff Council Executive to plan for the publication of all profiles in these profile suites (anticipated early 2025). This will include new supporting guidance to release to the service. We have been engaging with employers to encourage their early assessment of any local impacts linked to profile publication, and to ensure the accuracy of their job design and job description practices.

However, we must stress again to the NHS PRB that changes to national job matching profiles do not in themselves automatically result in a change to the banding of nursing jobs. The revisions to the profiles will ensure that language and terminology used in them is correct so that they can be implemented effectively and consistently across the NHS. If the job information (for example job descriptions) for nursing roles is not accurate, the outcome of the profile review may highlight this, but it may not directly lead to different pay band outcomes. Examples of where job information may not have been kept up to date include changes in deployment models and role expectations.

We continue to work with colleagues in NHS England and DHSC to develop a shared and detailed understanding of the current issues employers are facing regarding job evaluation and re-banding requests. This recognises increasing national activity of trade unions, which is unlikely to reduce in the short-to-medium term.

Our work seeks to highlight consistent communication and prioritisation of action needed by all national stakeholders, as recommendations from the non-pay workstreams linked to the 2023 agreement are delivered to ministers and priority actions for employers emerge in the coming months.

Section 5 – Pensions and total reward

There have been notable developments in relation to the NHS Pension Scheme in the past year. These include the introduction of partial retirement to the 1995 Section of the scheme (from October 2023), a continuation of the McCloud remedy process, the completion of planned changes to the member contribution structure and the permanent removal of pension abatement and lifetime allowance.

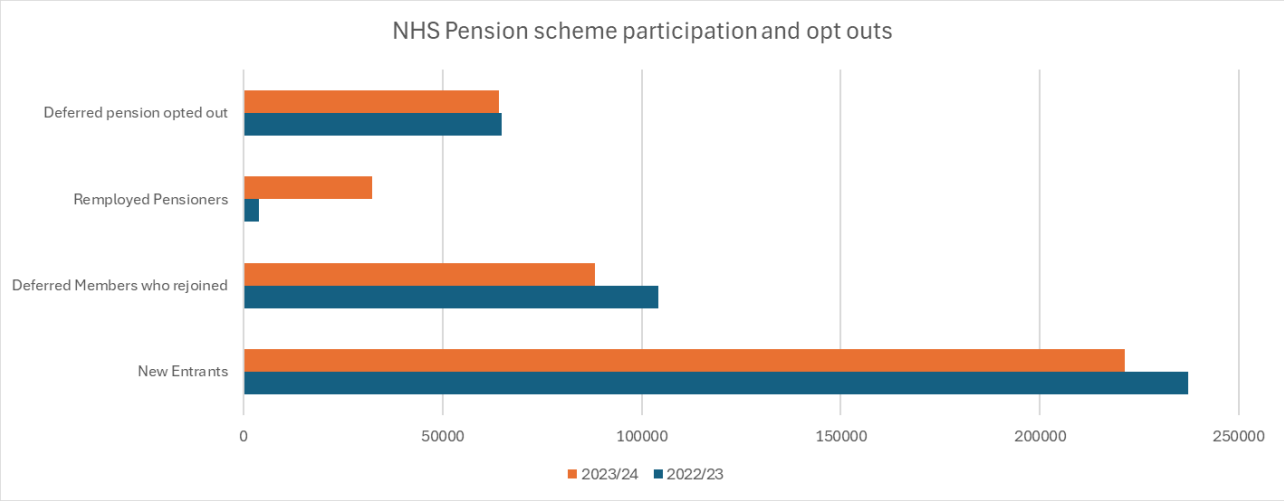
Changes introduced into the scheme to aid retention, and thereby increase workforce capacity, are already showing signs of delivering on their policy intentions. However, further work is needed to fully evaluate the impact of these measures. We have welcomed and promoted these changes for their positive intentions and impact.

We would like to acknowledge that changes such as these are not delivered without consistent commitment and resource allocation from employers who provide the local administration of the scheme. Employers work through the detail of the changes, interactions with employment law and contracts and ensuring that changes are delivered as equitably as possible across the workforce.

Summary of the NHS Pension Scheme and opt-out data

The NHS Pension Scheme continues to be one of the most generous in the UK and is the largest public service defined benefit scheme in Europe. We believe that the scheme represents a significant part of the total reward offer for NHS employees and a valuable tool for employers to use for recruitment and retention. This may become more relevant in future years as employment terms begin to improve across all sectors.

Scheme participation remains high with 1.8 million active scheme members paying pension contributions into the NHS Pension Scheme, as at 31 March 2024. The NHS Pension Scheme accounts 2023/24 show that there were 221,426 new entrants to the scheme, 88,261 deferred members who re-joined and 32,274 re-employed pensioners in the year. Interestingly, while new entrants to the scheme in 2022/23 were similar at 237,240, a total of 104,224 deferred members re-joined the scheme and there were 3,916 re-employed pensioners in the year. The NHS Pension Scheme 2023/24 accounts show 64,206 members with deferred pension rights opted out, compared to 64,780 members in the previous year. The graph below shows the comparisons between the two years.



According to the most recent information about opt-out rates, the reason given for more than half of opt-out instances is affordability related: either ‘affordability’ or ‘temporary opt out due to financial priorities’. The latter has seen an increase from 34 per cent to 41 per cent in a 12-month reporting period. This highlights that NHS staff continue to find it difficult to prioritise paying into the pension scheme due to rising cost-of-living pressures. It should be noted that this isn’t necessarily just as simple as a scheme cost issue. It may also be influenced by individual behaviours and how they perceive saving for their future self, particularly as financial priorities can quickly change in their immediate day-to-day lives.

As we reported last year, membership flexibilities include the option to opt in and out of the scheme multiple times in any given year. Opt-out data suggests some members use this method to manage their finances, but there is a danger that members opt out and then do not return, meaning that they will be missing out on the benefits of the scheme, such as death in service. We look at this option in our video on the benefits of continuing NHS Pension Scheme membership. The video explores the challenges for members balancing the cost of membership against other financial commitments and the benefits members receive in return.

We believe that introducing flexibilities that enable individuals to have control over what level of their pay is pensionable would enable more affordable access, helping to make sure the NHS Pension Scheme remains a valuable benefit.

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

Pension communications

We have highlighted in previous submissions that timely, clear and simple pension communications are vital to member understanding of the scheme and its benefits.

The NHS Pension Scheme is complex and becomes more convoluted when we consider:

- there is more than one section of the scheme
- members may have benefits in more than one section
- interactions with the McCloud remedy and the requirement to make a choice
- pension tax considerations.

We know that timing is crucial to members making decisions in their best financial interest. Last year, we shared an example of members affected by the McCloud remedy being offered choices via direct communications that may affect the value of their pension benefits and options when they come to retire. Receiving communications in good time will allow members to consider their options and seek advice if needed before deciding. DHSC will update on the McCloud remedy and delays to member communications, which have the potential to undermine trust in the scheme. We are aware that DHSC and NHS Business Services Authority (NHSBSA) are working hard to ensure communications are clear and concise, which is an approach we support.

It is important that all pension communications are mindful that the average reading age of the UK population is age nine. Communications should be available in a range of formats that increase accessibility to all. We understand that a lot of members shy away or ignore pension communications due to their complexity. This

is not unique to the NHS Pension Scheme. Our resources support employers to understand the basics of the scheme, so they can promote its benefits to staff.

We feel raising awareness through employers, and encouraging pension conversations in NHS organisations, is an effective way to support pension communication across all levels of the NHS. As we have shared before, not all NHS organisations have access to expert pension teams and some find it difficult to provide robust pension support to staff. Resourcing pension expertise within the service is challenging. With increased complexity in the scheme, there is an increased need for support and guidance. We know there is a variation in pension resource and expertise across the service with some NHS organisations providing in-house teams and others are outsourced as part of a payroll service. There is a question therefore around the baseline expectation of expertise and knowledge of the NHS Pension Scheme that members can expect to receive from their employers.

We encourage employers to signpost members to appropriate resources, such as the NHS Pensions online member hub, to access support personalised to their own pension. At NHS Employers we endeavour to use clear, simple language and avoid complicated technical pension terms. We create resources for employers in a range of formats including web pages, detailed guidance, visual infographics and videos with animation and voiceovers. We continue to influence pensions communications where possible and are working with NHS Pensions to create clear McCloud communications. We have also worked closely with NHS Pensions to ensure our flexible retirement guidance aligns with information on their website.

Flexible retirement

We know that the way society considers retirement is changing. We reported last year that many employees are considering how they

can gradually adjust their working arrangements to achieve a smoother transition into retirement. There is no longer the expectation that retirement means leaving the workplace and employment permanently, or that full-time work should be replaced immediately with full-time retirement.

Our flexible retirement web page explains the options in more detail and provides examples to show how flexible retirement can support staff to retire in a way that suits their individual circumstances. This year, existing flexible retirement options were extended to members of the 1995 Section:

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

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

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

We have reported that retiring flexibly benefits and support employees who are towards the end of their careers to achieve a healthy work-life balance, bridge the financial gap between taking their NHS pension and state pension benefits, and control their pension growth. Flexibilities come with a level of additional complexity and communicating flexible retirement clearly is incredibly important to overcome this complexity.

Greater flexibility enables employers to retain experienced staff for longer, aiding succession planning, workforce capacity and delivery of high-quality patient care. Experienced staff are also vital in supporting the development and supervision of apprentices and students. Supporting the health and wellbeing of employees approaching the end of their careers can also help to improve

sickness absence rates and productivity, while reducing rates of stress, fatigue and burnout. Our flexible retirement guidance supports employers to discuss the options with staff and develop effective flexible retirement policies to improve retention.

We continue to promote and raise awareness of all retirement flexibilities to help employers promote the benefits of the scheme and provide education support materials to use across all parts of their workforce. We have worked with the NHS Staff Council to align the AfC terms and conditions on the introduction of partial retirement and continue to update our guidance on the process.

Because partial retirement in the 1995 Section of the scheme was introduced in October 2023, the impact on retention is not yet known but application figures from NHS Pensions show an early positive uptake and an increase in applications in April 2024, which was anticipated. Between 1 October 2023 and 28 August 2024 there have been a total of 12,924 partial retirement awards paid, with a further 1,945 awaiting payment. The percentage of members eligible for retirement that have chosen partial retirement is just below 33 per cent. This shows that there is a considerable interest in retiring and continuing to work in the service. It would be interesting to see how long partial retirees continue to work in the service to fully understand its impact on retention and workforce challenges.

McCloud

The NHS PRB will be familiar with the McCloud remedy as the process of removing the age discrimination from public service pension schemes, including the NHS Pension Scheme.

McCloud considerably increases scheme complexity, with considerations such as rollback potentially causing new annual allowance tax charges or changes to annual allowance charges for remedy period tax years. This complexity has an impact on member ability to understand information and make informed financial

decisions in their own best interests. NHS Pensions are carefully considering their communications to help members understand these complexities. While there are delays to some of this work, we still consider that it is better to have the right communications, rather than overwhelming members with information that meets the statutory requirements but does not lead to better outcomes for them.

As we reported last year, the outcome of the McCloud remedy for some members may result in them being able to access benefits of a higher value from an earlier age than they had previously planned for. This could mean that NHS staff are able to retire earlier than expected, without the need to return to work to supplement their pension income. Although employers can promote the various flexible retirement options available, the McCloud remedy could remove the incentive to continue working for some members. We support the scheme offering a range of flexibilities that make working longer in the NHS an attractive prospect.

Pension taxation

Last year, our submission said that employers had reported staff taking early retirement, reducing their work commitments, and that there was a reluctance to apply for promotions or take on additional work and responsibilities due to the impact of pension taxation. As a result, workforce capacity, service delivery and patient care concerns were raised. Changes were announced in the Spring Budget and introduced from April 2023 to help to alleviate some of these pressures.

The removal of lifetime allowance has no doubt had an impact on workforce capacity, as those who may have been affected will no longer need to decrease work commitments as a way of reducing their liability. Similarly with the uplift of the annual allowance and tapered annual allowance. However, it is difficult to collate quantifiable data in relation to this area as it related to behaviour change when previous intentions may have been unknown and are

not routinely recorded. As we know, an individual's decision to retire is complex and based on personal, health, family and financial circumstances. It is not possible, therefore, to take pension tax changes as the only driver of retirement behaviour in the NHS Pension Scheme.

We know that in the 2020/21 financial year, a total of 17,467 members of the NHS Pension Scheme breached the annual allowance of £40,000. At the time of writing this submission, Pension Saving Statements are not ready for members so figures are not definite. However, NHSBSA anticipates that approximately 237 members will have pension growth of more than £60,000 for 2023/24, down from the same time in 2022/23 when there were approximately 1,816 member (NB. this is pension growth in the NHS Pension Scheme only and member circumstances may vary).

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

We know that some employers continue to offer locally implemented pension contribution recycling schemes. However, due to pension tax changes, many employers are removing these as they feel they are no longer required.

Pension abatement

As the review body is no doubt aware, the government extended the suspension of NHS pension abatement rules for special class status members in the 1995 Section of the scheme until March 2025. This has now been permanently removed. The aim of this has been to support retention measures across the service. It is difficult to show definitively with quantitative data the difference this has had on

retention and workforce challenges. It is not possible to collect data on what an individual retirement decision would have been had the changes not been introduced.

Removal of abatement is undoubtedly a positive message about the scheme overall, and one which we believe contributes to encouraging members to continue to work or consider returning to work in the service post-retirement. While we acknowledge that abatement would historically apply to a small and diminishing number of members, the impact of the good news of its removal is felt much more widely due to lack of understanding about when abatement would apply.

April 2024 scheme changes

In April 2024, changes were made to the member contribution structure in line with the consultation outcome published by DHSC.

Indexation of member contributions

We were pleased to learn that changes included indexing uplifts to the member contribution structure each April, in line with the consumer price index (CPI) figure from the previous September. This change came into effect from April 2024 and has given certainty to members and to employer pension administration teams. A ‘best of’ approach then allows for a further change to member contributions, should the annual AfC pay award be higher than the CPI rate from the previous September. We received some questions asking for clarification on whether a further change would be made following the AfC pay award announcement, but we anticipate these queries will reduce as the process beds in over time.

Tier	Pensionable pay (tier threshold from 1 April 2024)	Contribution rate from 1 April 2024 based on actual pensionable pay
1	Up to £13,259	5.2%
2	£13,260 to £26,831	6.5%
3	£26,832 to £32,691	8.3%
4	£32,692 to £49,078	9.8%
5	£49,079 to £62,924	10.7%
6	£62,925 and above	12.5%

Member contribution rates for 2024/25

The second phase of the member contribution structure changes was introduced from 1 April 2024. The new contribution rates are included in the table above. The structure has moved from 11 original tiers to these six tiers to flatten the contribution structure as the membership moves to be in the 2015 Career Average Revalued Earnings (CARE) Scheme, as opposed to the final salary 1995 and 2008 Sections of the scheme.

It should be noted that there is concern that the move from 9.8 per cent to 10.7 per cent at band 5 may have a compounding detrimental impact on take-home pay when considered alongside the compression of pay bands 3 to 5 of the AfC pay scales. For example, moving up a pension contribution tier when receiving a promotion from band 4 to 5 could further reduce take-home pay and prevent staff from wanting to progress through the pay bands.

Introduction of real-time re-banding

While real-time re-banding has been introduced, it has not yet become fully automated. Manual processing is time-prohibitive and an automated process would be welcome to help reduce the local administrative burden.

Employer contribution rate

The employer contribution rate was increased from 1 April 2024 to 23.7 per cent. This is up from 20.6 per cent for the period 1 April 2019 to 31 March 2024. The administration levy remains 0.08 per cent collected at the same time and in the same way as employer contribution rates. In practical terms this means employers are paying 23.78 per cent of pensionable pay.

Employers pay 14.38 per cent of contributions, while the remaining 9.4 per cent is centrally funded. While we welcome any increases to the employer contribution rate being centrally funded, we would welcome clarity on the future of this funding arrangement and mechanism.

It is important for employers to continue to see the value of the scheme contribution rate through impact on attraction, recruitment, motivation and retention of the workforce and for the administration levy to continue to provide value for money in terms of an effective scheme administration provision.

Scheme flexibilities

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

contribution to the scheme for a proportionately lower pension in return, could help to encourage more members to join the scheme (and stay in the scheme) and access a broader reward package from their employer. Increasing membership levels across the whole workforce makes the scheme a stronger tool for reward, recognition and retention. We would welcome the opportunity to explore ways of combining flexible pension accrual with recycling unused employer contributions for all staff. We believe that a more flexible reward offer, one which enables staff to save towards their retirement while receiving support from their employer towards other more immediate financial priorities, would be attractive to both staff and employers.

Modernising the scheme and introducing flexibilities will increase complexity for both members and employers. Resourcing pension administration for employers therefore needs to be a key consideration if the introduction of flexibilities to the scheme is to be considered. Communicating flexibilities also requires careful consideration to ensure that increasing the level of complexity in an already complex scheme does not lead to inertia, or members making decisions that are not in their best financial interests.

Reward in the NHS

The total reward offer within the NHS plays a fundamental role in overcoming workforce challenges. It supports employers to attract, recruit and retain staff and ensure they are recognised for the work they undertake and the contribution they make.

The total reward offer within the NHS is a combination of nationally recognised terms and conditions of service and locally led reward and benefit initiatives.

In our 2024/25 evidence to the NHS PRB we evidenced the type of national provisions under the NHS TCS Handbook that make up part

of the NHS total reward offer. This included, but was not limited to, pay progression, annual leave and sickness absence payments.

In addition to the national terms and conditions of service on offer to all AfC staff, trusts can enhance their total reward package by offering locally delivered rewards and benefits.

These initiatives are often managed in-house from trust to trust and can include:

- flexible working opportunities
- recognition and staff award schemes
- career progression
- training and development
- salary sacrifice schemes
- car lease schemes
- cycle to work schemes
- subsidised car parking
- long-service awards
- onsite childcare arrangements
- local NHS discounts (for example blue light card)
- season ticket loans
- enhanced financial and wellbeing support.

We are aware from feedback from employers that there is no one-size-fits-all approach to total reward across the NHS, as individuals resonate with and appreciate different initiatives. It is therefore advised that employers build a total reward offer that is inclusive, flexible and has a range of offers available to a multigenerational workforce.

NHS Employers leads a Reward and Recognition Network, which brings together over 220 employers from 174 NHS organisations to share good practice, collectively overcome challenges and share peer support between colleagues within this space. We regularly hear examples in these network meetings of what employers are

doing to enhance their total reward offer, which we have developed into case studies for other NHS employers to learn from.

Recognition

This year in our network meetings there has been a strong focus on recognition, with employers emphasising the need to increase engagement with staff to make sure they feel valued and appreciated in a meaningful way.

There are a variety of ways that NHS organisations are recognising their staff inclusive of formal strategies, informal approaches and small, everyday acts of recognition.

We have published case studies in partnership with NHS organisations to showcase good practice around their recognition strategies, including the following:

Long-service awards – Most organisations across the NHS recognise staff for their length of service. The milestone and method of recognition varies across the different organisations, which range from celebratory award events to monetary awards or vouchers. Our recent case study highlights three examples of organisations that recognise long-serving staff members, but in slightly different ways.

Peer-to-peer recognition - Barts Health NHS Trust recently launched a new programme of recognition with the aim of enabling staff to benefit from visible and meaningful recognition from their peers. The new scheme allows peer-to-peer recognition for those who go out their way within their role to help others, or an act of kindness.

Staff recognition awards – Essex Partnership developed a staff recognition awards programme for its staff as part of overall work to improve organisational culture.

The work organisations are doing to improve the way staff feel recognised and valued can be seen by an overall 2 per cent increase in the 2023 NHS Staff Survey results. The question in the survey asks staff if they feel satisfied with recognition for good work and how they feel their organisation values their work. Despite being lower than pre-pandemic levels, it is important to note that the scores are going in a positive direction.

Budgetary and funding constraints across organisations continues to be the most limiting factor when attempting to strengthen and expand trusts reward and recognition strategies. It is vital that employers enhance existing resources for greater impact and pull together clear communication methods that ensure current and prospective staff are aware of what is available to them, so they appreciate the value of working for an NHS organisation.

Employee value proposition

From 2023/24, it is proposed within the LTWP that NHS organisations work with system partners to develop a clear employee value proposition (EVP) and promote this across the workforce.

An EVP is the unique set of benefits that an employee receives in return for the skills, capabilities and experience they bring to NHS organisations. This looks beyond headline pay and monetary rewards and highlights what employment within the NHS can offer current and prospective employees. This is inclusive of learning, development and education, competitive terms and conditions of service, a valuable pension scheme, positive working culture and policies that improve the overall staff experience.

We have heard from employers within our Reward and Recognition Network that EVP is new terminology and feels unfamiliar. However, we aim to reassure employers that the proposition within the LTWP is not a request to create a new total reward strategy, but to pull together support, resources and benefits that we know exist already

within NHS organisations, and to ensure they are visible and accessible to current and prospective staff.

The NHS has an attractive employment offer with rewards and benefits forming a core part of it. We have therefore created a bank of resources to define EVP and support employers to start to build upon their own unique selling point and communicate it effectively to improve employee engagement, reinforce organisational values and ensure staff are aware of the value of working for NHS organisations.

Communicating reward

We are aware that NHS organisations offer a wide range of reward and benefits. However, feedback shared within our Reward and Recognition Network has suggested that engagement and uptake can be limited in some areas. It is therefore vital that there is emphasis placed on the way in which trusts are promoting and communicating their total reward offer to ensure it is visible to their full workforce.

Employers need to ensure that their communication strategies are more personally tailored to the differing needs of the workforce, the various stages of life that they go through, and the specific nature of their roles. For example, clinical staff may not have regular access to a computer or the staff intranet, therefore communicating and promoting the total reward offer via posters, mobile apps and during team meetings may be a more effective approach.

Another way of promoting and communicating the total reward offer across organisations is by using staff who are placed within different settings within the organisation. Manchester University NHS Foundation Trust implemented reward and benefit champions across the organisation to improve staff experience, health and wellbeing, and support retention by proactively communicating its reward and recognition initiatives. The champions are a cross section of staff across different roles, sites and department and act as the first point

of contact for colleagues to seek support with the trust's reward and recognition offer. They actively highlight the total reward package and good practices to their colleagues. Being at the heart of teams and departments, the reward and benefit champions understand the best communication channels for their department.

Employer engagement survey – reward findings

NHS Employers conducted research to understand how NHS organisations are using their total reward package to support recruitment, retention and motivation. The survey was sent to HR director networks across all regions and achieved 90 responses.

Their feedback highlighted that the most popular ways their organisations are using total reward to support recruitment and retention is via promotion of the value on the NHS Pension Scheme, and by offering an enhanced benefits package such as salary sacrifice options. This was closely followed by flexible working options and via recognition schemes. Several employers also informed us that they include wellbeing initiatives and enhanced wellbeing support as part of their total reward offer.

The least popular method identified within the survey was career and development opportunities. However, this is a popular option to retain staff members that have reached the top of their pay band and are therefore likely to require additional incentives aside from pay.

The survey identified that there are varying methods for how NHS organisations are communicating their reward and recognition incentives to new and existing staff. Face-to-face marketing options is the most common approach, including roadshows, staff noticeboards and within induction meetings. This is closely followed by online communications such as mobile phone applications, intranet pages and on PC screensavers. The data identified that there is not one communication method that clearly stands out as the

most used among trusts, and so intensifies the need to offer a varied approach to meet the needs of a multigenerational workforce.

57 per cent of respondents told us that they do not evaluate their reward offer. This suggests that work needs to be done to influence senior leaders to monitor the impact that their total reward offer is having, and how it is enabling them to overcome workforce challenges. This is important to identify return on investment and ensure that their reward offerings are equitable and sustainable.

The respondents that do evaluate their total reward offer shared that they do so by gaining feedback from staff surveys and staff engagement groups, via their retention data and through the uptake of their local offers (such as salary sacrifice). They also shared that they benchmark against other NHS organisations and research into their best practice. This highlights the importance of providing opportunities for leaders within the NHS to network, gain peer support and seek collective ways to attract, retain and recognise their workforce well.

Section 6 – Staff experience and wellbeing

Staff experience - NHS Staff Survey

The most recent available data is from the NHS Staff Survey 2023 published in March 2024. This showed a recovery in staff survey scores on key morale and motivation indicators. This was part of an overall recovery in scores on staff experience measures linked to the NHS People Promise.

The overall NHS staff engagement score rose from 6.79 to 6.89. Levels peaked at 7.05 in 2020 and were 7.04 in 2019.

NHS staff motivation levels improved from 6.92 to 7.02. The main improvement though was in the 'advocacy' dimension of the engagement score, reflecting an increase in willingness to recommend the NHS as a place to work. This rose from 57 per cent to 61 per cent after a post pandemic decline. However, it is still below the 2019 figure of 63 per cent.

NHS Employers shares examples of staff experience interventions via our website and networks. We are supporting a continuing focus on restoring staff engagement. We have highlighted a few recent case studies below:

Shrewsbury and Telford Hospital NHS Trust - Cultural transformation as part of the People Promise | NHS Employers

Lincolnshire Partnership NHS Foundation Trust - Improving retention through staff engagement | NHS Employers

The Darzi report on the state of the NHS has highlighted a longer-term decline in staff working unpaid beyond contracted hours as a proxy for withdrawal of discretionary effort. There is still a high degree of staff working when unwell in the NHS, due to staff commitment to their colleagues and patients.

Experiences of staff groups

It is possible to analyse the experience of staff from different staff groups such as by occupation and for those with protected characteristics. On most staff experience indicators there is a more negative experience for staff with protected characteristics, and this is especially the case in relation to 'negative behaviours' such as violence, bullying and harassment and unwanted sexual behaviour. In addition, these have not improved at the same rate for staff from ethnic minorities, for example on bullying and harassment and on violence.

There is a more complex picture on staff engagement in that staff from ethnic minorities or who are female have higher levels of engagement. For other groups such as staff with long-term health conditions and LGBTQ+ people, staff engagement levels are lower than counterparts. Internationally recruited staff have higher levels of engagement than domestic recruits. There is also variation by age and occupation.

NHS Employers advises that staff engagement strategies take account of these differences, and one effective route for ensuring all staff feel engaged is the development of active staff networks.

On intention to leave there is mixed picture. Staff from ethnic minorities and those recruited internationally have a lower intention to leave than peers. The intention to leave score is higher for

LGBTQ+ and disabled staff. Overall intention to leave scores declined for all groups in 2023.

Understanding reasons for leaving

The NHS has a nationally published survey based on ESR data on reasons why staff leave. In 2024, this has shown non-pay issues as increasing in relative importance. Recent in-depth research on the reasons why staff leave has identified staff levels, workload and the consequent overwork and impact on staff morale as a key cause. This research also highlighted staff mental health and flexibility as key issues.

In the 2023 NHS Staff Survey there has been improvement in the overall willingness of NHS staff to recommend their organisation as a place to work and overall sentiment is positive. However, it is concerning that the data from the Nursing and Midwifery Council survey of leavers is in sharp contrast, with only one-in-five leavers willing to recommend the NHS as a career. Leavers sentiment is an important indicator and can have an indirect influence on recruitment.

NHS Employers supports the workforce growth in the LTWP and ten-year plan and measures to support improved workforce productivity to foster a good staff experience. Employers should also ensure there is good line management support, a culture of appreciation and they need to maximise flexible working opportunities to impact on retention. Employers should also use national and local data to understand why staff are leaving and take action on issues that can be addressed at an organisational level.

Burnout and sickness absence

The 2023 NHS Staff Survey demonstrated continuing chronic levels of burnout in the NHS workforce, despite a small fall in overall levels. More recent research and data from employers indicates that burnout

continues to be a key challenge. The Darzi report identified burnout as linked to overall demand pressures on the NHS, structural issues and post-COVID-19 impact.

NHS Employers continues to have a key focus on supporting employers to meet the basic needs of the NHS workforce, building wellbeing strategies from this base. This has had a focus on supporting employers to take action to address burnout. A wide range of resources have been produced that highlight interventions with a good evidence base. In the main, these focus on overall mental health as part of burnout prevention:

- The Queen Elizabeth Hospital King's Lynn NHS Foundation Trust has developed a health and wellbeing passport for staff, helping staff take control of their workplace needs - A passport to better health and wellbeing

- Cambridgeshire and Peterborough NHS Foundation Trust created a rapid-access mental health service to support its staff - Rapid access to mental health services

- Dartford and Gravesham NHS Trust streamlined its approach to health and wellbeing to support staff to stay well - Supporting staff to stay well

- Many organisations across the NHS are using mindfulness courses provided by Sussex Mindfulness Centre, which are having a positive impact on wellbeing and mental health for staff - Improving staff mental health with mindfulness

NHS Employers also has a sickness absence toolkit and a wide range of other health and wellbeing support resources on our website. There was an improvement in overall health and wellbeing support from employers in the NHS Staff Survey.

We also know that medical staffing colleagues, under AfC terms and conditions, are a group who experience high levels of stress and

burnout. Medical staffing teams, who are responsible for the coordination, rotas and contract management of doctors across the NHS, are faced with high workloads. There are a variety of models in terms of the way medical staffing teams operate, as well as pay grades, so the intensity of work can vary greatly. Prolonged industrial action had a huge impact on medical staffing colleagues, working under immense pressure to find cover, cover rota gaps as well as other tasks. It's also a profession that doesn't benefit from much progression and with all the factors described at play, trusts report challenges in recruiting to medical staffing roles.

Non-pay elements on recruitment and retention

This year, the NHS PRB asked for evidence around what non-pay aspects of terms and conditions, for example flexible working and learning and development, play in recruitment, retention and motivation. NHS Employers highlights a number of examples in this section where local trusts have seen a positive impact on recruitment, retention and motivation.

NHS Employers provides a range of support to employers to develop retention initiatives. Our retention toolkit gives general advice and we have developed a toolkit focused on the nursing and midwifery workforce.

Research evidence suggests that flexible working, as well as learning and development support, could have a positive impact on retention. NHS Employers has produced a wide range of resources to support employers with flexible working.

A case study from United Lincolnshire Hospitals Trust shared at our November 2023 staff experience conference, highlighted positive impact from greater access to flexible working. More examples can be found on NHS England's flexible working hub.

Access to career support and learning and development opportunities have been identified as key issues, and NHS England has examples of employer action on this within its retention hub.

NHS Employers has developed a case study in partnership with University Hospitals Birmingham, which highlights the potential positive impact of early preventative intervention through ‘stay conversations’ with staff identified as at risk of leaving.

Lincolnshire Partnership NHS Foundation Trust has conducted a piece of staff engagement work involving over 200 participants, titled Walking in Your Shoes, to address key questions around staff experience. The organisation addressed these questions and responded to staff feedback, leading to improvements in retention and staff engagement.

This work appears to be having an impact, with a continuing fall in the leaver rates compared to 2023. Especially in those organisations who are part of the NHS England’s People Promise Exemplar Programme.

Section 7 – Workforce supply

Nursing recruitment

In our 2024/25 written evidence to the NHS PRB, we reported on the achievement of the government's target of increasing net nurse numbers by 50,000 set in 2019. The most recent data published in November 2023 by NHS England shows there were 51,245 additional nurses in September 2023 compared to 2019. This means the number of nurses has increased from 300,904 in 2019 to over 352,000. The main source of the increase (93 per cent) was reported by NHS England as being through international recruitment.

Nursing and Midwifery Council (NMC) data from March 2024 also shows the number of UK and internationally educated joiners to the NMC register within the last year was almost equally split. And year-on-year growth has been higher among international joiners.

Given the significant number of international recruits to date, NHS organisations are continuing to support staff recruited from overseas to stay and to thrive in their NHS careers, through a number of initiatives:

- Onboarding initiatives – welcome packs, employment packages and accommodation.

- Induction and pastoral support – buddying schemes, welcome events, health and wellbeing offers.

- Professional and personal integration – preceptorship programmes, cultural awareness training, celebrations, engagement activities.

- Professional and personal growth – career conversations, coaching and leadership programmes.

Many good practice examples can be found in our international recruitment retention toolkit and on our website, including an example of an accelerated preceptorship model for internationally educated nurses.

NHS organisations continue to bolster nurse recruitment with the local initiatives reported in our 2024/25 written evidence. These include the use of nurse degree apprenticeships, effectively structuring preceptorship programmes and providing clear career pathways to retain staff. Despite concerted effort, and a commensurate decrease in vacancy rates, anecdotal evidence from our networks suggests organisations still feel under-resourced.

Apprenticeships

Employers believe a lack of post-training substantive posts counters the ‘grow your own’ approach, and the appetite to offer apprenticeships. Several delegates attending the NHS Employers workforce supply conference in September 2024 informed us that current recruitment freezes have halted apprenticeship onboarding for 2024/25. One delegate said they were directing individuals who had been interested in the registered nurse degree apprenticeship (RDNA) to undergraduate courses.

Employers have seen a decline in learning disability and mental health nursing apprenticeships and student training places. They have told us this is partly down to declining interest in these specialities, but also the loss of central funding to support these training positions.

The extent to which apprentices have been pre-existing employees or new recruits

Most of our employers tell us that they tend to recruit internally to apprenticeships, especially for nursing associates, nurses, midwife and allied health professional positions. Trusts may be more willing to recruit straight to apprenticeships for entry-level roles such as healthcare workers and administrator roles, or roles that are hard to recruit to such as podiatry. NHS Employers does not have any specific data to support this point.

Completion / dropout rates during training

Feedback from trusts informs us that apprenticeship dropout rates tend to be very low. They say that's because they have normally progressed from another role within the trust, for example healthcare worker to nursing associate, and so know the team, ways of working and expectations of the role.

One trust informed us that the retention rates on their apprentice courses were as follows:

- Levels 2-4 clinical - 83 per cent retention rate
- Levels 6-8 clinical - 97 per cent retention rate
- Non-clinical - 67 per cent retention rate.

This is compared to the average attrition rate of 24 per cent on a traditional nurse degree course.

Another trust told us their three apprentice diagnostic radiographers, which is a hard-to-fill role, qualified in March 2024 and are all still working for the trust. A further trust said that of the 21 qualified apprentices in 2024, 18 have secured posts within their trust and two have left to join the nearby acute trust, with only one leaving to go travelling. Of these apprentices, two of the three nursing associate graduates have gone onto the registered nurse degree apprenticeship course and one will apply for the September 2025 intake.

This feedback is supported by findings in a recent evaluation report on registered midwife degree apprenticeships (RMDA). This report showed virtually no dropouts, compared to 13 per cent on a traditional degree programme.

Retention rates post training/qualification

Employer feedback highlights retention rates are improved due to reasons similar to those above, and that the employee has been supported in their development. A report published in 2022 showed that over 67 per cent of nursing associate apprentices wanted to progress as soon as possible onto a registered nurse degree apprenticeship. We do not have follow-up destination data to support this.

Destination data provided by one organisation, showed excellent post-qualification retention rates. A decision to expand the apprenticeship programme offered by the department was made on this basis. In 2021, three diagnostic radiography level 6 degree apprenticeships were offered. All participants qualified and were retained within the organisation. A second cohort of three began in 2021, with all retained in the organisation post qualification. The expansion included participant numbers across a wider number of levels: four level 4 and one level 7. An associated benefit was the ability to support an increased number of clinical placements within the department.

Destination data from a separate organisation also showed excellent post-qualification retention rates. This award-winning apprenticeship programme spans 35 clinical and non-clinical roles for over 220 apprentices, 50 per cent of whom are from minority demographics. 95 per cent of level 2 healthcare support worker apprentices were retained at two years, with 30 per cent of these progressing to nursing degree pathways. Retention and destination data has been used to show return on investment and has supported spread and adoption to other organisations.

Alongside extremely low attrition rates, the RMDA evaluation report found newly qualified RMDAs felt well prepared for the transition from student to registrant and were committed to their employers post-qualification. Most participants were drawn from the existing workforce, who continued to add to productivity levels during their RMDA programme.

Ongoing uncertainty around, and the inflexibility of current apprenticeship levy funding, is anecdotally reported by employers as a key barrier to expanding and diversifying their apprenticeship programmes. This is exacerbated by the fiscal pressures being placed upon organisations. Visa restrictions for some overseas employees affects eligibility criteria for apprenticeship enrolment. Anecdotally, some organisations have taken financial risk and underwritten the individuals out with levy funding, but not all are able to do so.

International recruitment

The reliance of the NHS on the global workforce has been well documented in our 2024/25 written evidence to the NHS PRB, where we reported on the significant international recruitment in the NHS over the last four years. These staff make up a large proportion of the registered workforce and bring a range of positive benefits.

However, we may be beginning to see the impact of recent immigration changes on the current and future international workforce across health and social care. On 4 December 2023, the Home Office announced changes to the immigration rules and published further details on 21 December, which included the intention of stopping overseas care workers from bringing dependants. These changes came into effect following updates released on 19 February 2024 and 14 March 2024.

Latest Home Office statistics on visa applications for people coming to the UK for work and study shows there were 13,100 Health and Care Visa applications between April and August 2024. Following the policy changes affecting social care workers and their family members, there

were 83 per cent fewer than the same period in 2023. There is concern that the new restrictions for the social care sector will also give rise to recruitment challenges for those occupations in the NHS, for which international recruitment is bolstering domestic supply. If the UK is viewed as a less attractive place to live and work, NHS organisations will need to be able to respond to this challenge.

The delayed pay award announcement this year had significant challenges for employers in relation to the salary thresholds of health and care worker visas. This temporarily impacted on organisations ability to recruit to entry-level band 3 roles, and to retain existing staff as they were unable to obtain visa extensions for individuals in band 3 entry roles. It meant that there was a gap where, if individuals were unlucky enough to require a visa extension within that timeframe, they were not able to. This meant individuals were required to either progress into a higher band role or somehow evidence being pushed higher up the bands. Failure to do so meant losing valuable staff, who would be retained if the AfC pay award was held in keeping with these increases. The Home Office was also keen to keep these people in legitimate employment and retain sponsorship, otherwise they risked becoming illegal overstayers and could be forced into exploitative or modern slavery environments.

Following the 2024/25 pay award announcement, NHS Employers worked with DHSC and the Home Office team to have an agreement that trusts could add a sponsor note saying the pay deal would be implemented soon, and that it would meet salary requirements. This meant not only was there a gap between salary threshold increases and the AfC pay award announcement, but also between announcement and implementation.

The biggest impact was due to the AfC pay scales not keeping pace with salary threshold limits. Some people fell out of status (and therefore employment), when they should have been able to use the immigration system. It is currently Home Office policy intention that anyone at entry band 3 will meet both the skills and salary thresholds required.

Hard-to-fill roles

In 2023 the Migration Advisory Committee conducted a review of the Shortage Occupation List, now called the Immigration Salary List (ISL). During the consultation we advocated for the inclusion of laboratory technicians and pharmaceutical technicians, following evidence received from NHS organisations. Both occupations are currently placed on the ISL, but with the expectation that the sector must focus on training and improvements in terms and conditions to increase the pipeline of new technicians.

More recently, we have also received anecdotal evidence from NHS organisations indicating difficulties filling biomedical scientist (BMS) vacancies with domestic candidates, particularly in areas providing out-of-hours services, and they have subsequently used international recruitment. NHS organisations have expressed concerns that they are not only needing more BMSs to cover their current services, which require 24/7 registered care, but are also needing to increase their numbers to provide additional services and deliver patient care. For example, one NHS organisation has built a new centre, which needs staff that are registration ready, and another organisation is required to increase their minimum service activity by 20 per cent. The current salary threshold for an internationally educated BMS on a Health and Care Visa would be £36,700, but the NHS pay would be band 5, which is significantly lower than this.

We are aware of an allied health professionals (AHP) international recruitment funding offer 2024/25 for therapeutic radiographers. This funding is provided by the NHS Cancer Programme and is intended to support NHS trusts to start or expand existing AHP international recruitment of therapeutic radiographers and to grow their workforce.

The financial support offer is available for internationally educated therapeutic radiographers who are either registered, or in the process of registering, with the Health and Care Professions Council (HCPC) and who arrive between 1 August 2024 and 31 March 2025.

Section 8 - Systems perspective

The state of integrated care systems 2023/24: tackling today while building for tomorrow

The latest NHS Confederation report reflecting the views of leaders across the UK's integrated care systems (ICSs) in their second year as formal partnerships, highlights significant financial challenges. The report makes a number of key points:

- Financial risks: There is a strong consensus that finances pose a major risk to the success of ICSs over the next year. Over 85 per cent of respondents are concerned that the financial positions of their integrated care boards (ICBs) and local authorities will impact the delivery of their ICS's ambitions.

- Barriers to progress: The current financial state of the NHS and local government are identified as the two biggest barriers to progress over the next two years. While some financial pressures, such as total system agency spend, can be managed internally, others, like pay awards and energy costs, are influenced by external factors and are less controllable.

- Opportunities for change: The report suggests that a new government could provide an opportunity to rethink how funds are allocated. This

includes revisiting payment mechanisms and the financial planning and allocation process to better support the ambitions of ICSs.

First ever adult social care workforce strategy

On 18 July, Skills for Care published its adult social care workforce strategy, aiming to address workforce needs by attracting, retaining, training and transforming the workforce to improve experiences for both staff and patients. This aligns with the NHS Confederation's advocacy since the LTWP, emphasising that NHS challenges can't be fully resolved without addressing social care issues. NHS Employers has been engaged by Skills for Care in this strategy and will continue to support the need for a legislated social care workforce plan backed by the government.

A fair pay agreement for social care and regulated staff in social care is identified within the strategy as a key element in supporting attracting and retaining staff. Implementation of such an arrangement was a key manifesto commitment for the new government.

NHS Workforce Plan

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

Given the government ambition to focus more care within the community, it is also important that other terms and conditions of service matters such as milage rates are also addressed.

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