

Dear Chief Secretary,

Date

08.08.24

Many congratulations on your appointment as Chief Secretary to the Treasury.

For the attention of
Darren Jones MP

I write to you on behalf of employers in the NHS across England to request that you and your officials work with the Department of Health and Social Care to conduct a review on the implications of uplifts to the National Living Wage (NLW) in the NHS.

By way of introduction, NHS Employers is the employers' organisation for the NHS in England, and is part of the NHS Confederation, the membership body that brings together, supports and speaks for the whole healthcare system in England, Wales and Northern Ireland.

I wrote to the previous Chief Secretary to the Treasury on 7th May 2024 seeking urgent assistance to resolving mounting concerns from employers in the NHS regarding the approach taken by His Majesty's Revenue and Customs (HMRC) to compliance with the National Living Wage (NLW).

My letter drew attention to the interaction of both salary sacrifice schemes and net deduction arrangements in operation across the NHS and the NLW; this position has been made more complicated in the NHS in recent years due to the continued delay in the implementation of annual pay award changes for staff.

A number of NHS organisations are reporting that HMRC are advising that where such arrangements impact on NLW compliance, that they should be ceased with immediate effect. As such, many employers have had to resort to taking corrective action to ensure NLW compliance which has often resulted in lower earning staff now being excluded from access to financially beneficial arrangements.

The recent government announcement accepting, in full, the NHS Pay Review Body's recommendations on in-year pay changes for 2024/2025 was very much welcomed by employers in the NHS. They also see as essential the new government's commitment to resolve

delays in implementing future pay awards. Significant outstanding concerns remain, however, about the ongoing policy position regarding the interaction between salary sacrifice (and equivalent) schemes and compliance with the NLW.

NHS Employers would welcome the opportunity to discuss a review of existing and future policy arrangements (and the planned trajectory for the NLW) with relevant government departments. Such a review could draw in colleagues from other employer organisations and would establish how arrangements might be improved in the future to best protect and reward lower earning staff. As such I have copied this letter to the Rt Hon Jonathon Reynolds MP, Secretary of State for Business and Trade.

We look forward to hearing from you. Your team can get in touch via external.affairs@nhsconfed.org if it would be helpful to discuss this in more detail.

Yours sincerely,



Daniel Mortimer
Chief Executive, NHS Employers

CC: James Murray MP, Exchequer Secretary to the Treasury

Karin Smyth MP, Minister for Health (Secondary Care)

Jonathan Reynolds MP, Secretary of State for Business and Trade