NHS Employers
Part of the NHS Confederation

NHS EMPLOYERS' SUBMISSION TO THE NHS PAY REVIEW BODY 2021/22

JANUARY 2021

CONTENTS

CONTEXT

The outbreak of the COVID-19 pandemic has presented one of the biggest challenges that the NHS has ever faced. Across the NHS, demand for services is up, available capacity is down, and waiting lists for non-COVID-19 services are continuing to rise.

NHS workers have made huge sacrifices during the pandemic and sadly many have lost their lives. There is evidence from the first wave of disproportionate mortality amongst black and minority ethnic (BME) people, including our NHS staff, who have contracted COVID-19[1] and many of our staff are suffering from mental health problems which may prove to be long term[2].

The pandemic has highlighted long-standing strategic challenges facing employers across the NHS (and social care), namely:

- how services are being used now
- what changes will be needed to these in the future
- how to address rising levels of demand
- the workforce numbers needed to meet rising demand for existing and new services
- a need for a sustainable long-term funding model to support service provision across both health and social care.

In responding to the pandemic, employers have faced significant increases in demand on workforce, services, and equipment.

Increases in capacity were created at speed to successfully manage and respond to the immediate COVID-19 challenge. Greater use of cross-organisation, system collaboration and workforce innovation has been central to the employer response, including new and more flexible approaches being adopted to staff deployment. This has been supported by attracting people back into the profession and fast-tracking students into employment, thereby avoiding some of the problems seen in other countries.

The incredible response and effort shown by the workforce in rising to meet the challenges presented by the pandemic, whilst also keeping other essential services running wherever possible, has been truly outstanding.

Not only have staff been flexible, they have also been innovative. Despite the adversity faced, employers and staff have united in forging new and stronger partnerships that have delivered care in extreme circumstances with continued high levels of professionalism, whilst working under extreme operational pressures and personal sacrifices.

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[1] NHS England and NHS Improvement, Addressing the Impact of Covid-19 on BAME staff in the NHS.
[2] NHS England and NHS Improvement (2020), NHS Strengthens Mental Health Support for NHS Staff.

In conversations with employers about NHS Reset[3], the NHS Confederation found that around three-quarters of NHS leaders were not confident of meeting targets to restore routine operations to last year's levels by the end of October 2020. Nine in ten employers said that lack of funding was a significant barrier to this. Resuming normal services can only be achieved with the proper investment in personal protective equipment, mental health services, social care, and the NHS workforce. This demonstrates the scale and size of some of the challenges that employers will need to address.

At the time of compiling our written evidence submission, employers are dealing with the impact of the second wave of the virus and managing this alongside trying to maintain services and grapple with the familiar autumn and winter pressures. The NHS is also leading on the largest vaccination programme in NHS history.

Whilst the response to this set of challenging operational pressures will be an essential consideration for employers over the coming months, it should not deflect from the national policy decisions that need addressing on the wider strategic challenges that we have highlighted in previous submissions.

Our evidence on behalf of employers will return to these in this year's submission.

[3] NHS Confederation: NHS Reset Campaign

KEY MESSAGES

- The NHS Long Term Plan continues to set the future direction for the NHS in England and is the basis for a five-year funding programme up to 2023/24. While this provides some stability for longer-term planning, the overall level of investment is still lower than in previous years.

- The NHS We are the NHS People Plan 2020/21 – Action For Us All[4], along with Our People Promise, sets out what our staff can expect from their leaders and from each other. It builds on the creativity and drive shown by our staff in their response, to date, to the COVID-19 pandemic and the interim NHS People Plan[5]. It focuses on how everyone in the NHS must continue to look after each other and foster a culture of inclusion and belonging, as well as take action to grow the workforce, train staff, and work differently to deliver patient care.

- The NHS faces the multiple challenges of rising demand for services, insufficient capital investment, tackling the causes of trust financial deficits and growing workforce shortages. While the NHS must focus on the immediate demands of the pandemic it must not become a reason for avoiding policy decisions on these critical longer-term issues.

- Workforce shortages remain the highest concern for employers and the supply issues need to be addressed. Employers remain committed to retaining staff but the health and wellbeing of staff and the risks of staff burnout, especially considering the pandemic, coupled with gaps in the workforce make this a greater challenge.

Financial challenge

- Employers have welcomed the additional funding provided to the NHS to help it cope with the pandemic, including £13.4 billion to write off previous loans. However, whilst this is welcome action, such targeted injections of resources do not address the underlying structural issue of financial sustainability being required in the short, medium, and longer term. The Health Foundation has identified a potential funding gap in 2021/22 of around £10 billion[6].

- We need a strategy for exiting from the pandemic. This must be sustainable and affordable and retain innovation and the transformation of services as central elements.

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[4] NHS We are the NHS People Plan for 2020/21: NHS
[5] Interim NHS People Plan: NHS Improvement
[6] Spending Review 2020: The Health Foundation: November 2020

- Further investment is needed. This must include a new capital settlement, sustainable long-term investment in workforce education and training, and agreed new priorities for the delivery of public health and social care services.

- In relying on the workforce to deliver the ambitions set out in the NHS Long Term Plan, working in new ways and in new teams in evolving healthcare systems imply we will need a significant and sustained programme, properly supported with sustainable funding, around workforce training and development for the foreseeable future.

- Employers share the desire to recognise and reward the contribution of all NHS employees during the pandemic and across their careers. Any uplifts to pay must remain fully funded, including by association, appropriate funding provisions being made to NHS England and NHS Improvement and to public health budgets. Without additional funding support, plans for workforce growth in key areas, including some of the specialised areas of nursing such as mental health and learning disability nursing, will be jeopardised.

- The government must urgently follow through on its commitment to social care reform, and a modern social care system supported by a new sustainable funding model remains a priority. The NHS is concerned about any widening of the gap around pay given the scale of vacancies in social care.

- In terms of a pay uplift from 1 April 2021, employers want to see all staff treated fairly and in the same way. NHS Employers has noted the announcement in the November 2020 Spending Review, that public sector workers earning less than £24,000 will receive a pay increase of at least £250. We will need further information on how this will be applied in the NHS.

Workforce challenge

- The dedication and professionalism of staff has been evident throughout the pandemic. However, the NHS entered the first phase of the crisis with around 40,000 vacancies in nursing alone. Leaders agree that we must increase our efforts to fill these, and other workforce gaps, but have also reported to us rising concerns about staff health and wellbeing and burnout, which is expected to increase.

- We welcome commitments to increase the overall number of nurses employed and it is positive to see increased applications for university courses. However, we must have clearer information on where these new nurses will be deployed, in what areas of care, and which specialisms.

- There is a shortfall of nurses and other staff in social care which must also be addressed. The same levels of urgency need to be brought to this workforce issue to reduce pressure on hospital departments. Work is underway around the NHS based on the ideas and analysis in the report by the Health Foundation[7] on building healthier communities[8]. We expect to report on this work in future submissions.

- Employers are continuing to manage the NHS response to the pandemic while bringing other services back, alongside preparing to respond to expected winter pressures. It is essential that employers continue to receive appropriate levels of financial support to help them address the full range of these complex pressures.

- Modern, fit-for-purpose accommodation is a vital requirement if the NHS is to deal with the backlogs of treatment it now faces, along with investment in technology. This must be delivered, supported, and maintained with proper sustainable capital funding.

- The focus on staff health and wellbeing has been central to the pandemic and is now rightly seen as part of good employment practice. Maintaining this focus will be essential in terms of retention. The key to this will be making sure staff are given the time to look after their wellbeing, which will need to be considered in terms of delivery expectations.

- All organisations working at national level must continue to reinforce their support for staff while also promoting realistic expectations of what can be included in 2021-22 delivery plans and managing the public's expectations.

NHS terms and conditions of service (Agenda for Change)

- Leaders do not want to target a pay uplift in 2021/22 for staff in the remit of the NHS Pay Review Body.

- It is essential that the NHS terms and conditions of service continue to keep pace with modern employment practice, provide value for money and enable employers to make effective and more flexible use of staff in the changing NHS system.

- The NHS offer to potential new recruits can continue to include secure long-term employment and valuable and rewarding career development, so long as adequate levels of investment in the workforce are maintained. Retention initiatives also rely on our delivering these key elements of the reward offer.

- A pay uplift beyond what employers can afford, within existing and known financial plans, without additional funding support, will jeopardise plans for workforce growth

[7] Building Healthier Communities: Health Foundation: August 2019
[8] NHS as an Anchor Institution

in key areas including some of the specialised areas of nursing. For example, in mental health and learning disability nursing.

- Employers are clear that a pay uplift in 2021/22 must be fully funded. The NHSPRB will need to consider the cost of the further structural reforms we set out in section 2.

- If we are to improve the working lives of our people, our pay reforms must be aligned with other structural workforce reforms and more flexible working patterns. Our staff must feel more empowered to flex and re-shape their careers and balance this with their other commitments outside of work.

- We have set out commentary on the structural changes to the pay system delivered by the 2018 reforms in our last two submissions, and we will again provide further commentary on the progress made in this year's evidence. However, the changes to the pay system alone cannot deliver the more flexible options for our staff to develop and progress their careers. There is a clear need to better understand and support career progression and staff development opportunities in the professions, including for those working in social care now and for those who may wish to do so in future.
- National collective agreements must continue to provide terms and conditions of service that give employers flexibility to plan and deliver services effectively and to deploy and reward staff fairly. They must also consider the wider system implications around workforce operating models being used.
- The We are the NHS People Plan[9] confirms that from September 2020, NHS England and Improvement will work with the NHS Staff Council to develop guidance to support employers to make flexible working more widely available to their staff. The NHS Staff Council is proceeding with a review of section 33 in the NHS terms and conditions of service handbook, balancing work, and personal life[10]. We will keep the NHSPRB informed of progress.
- The transformation already underway needs to be supported by equivalent settlements and investment in respect of capital expenditure, education and training, public health, and social care.

[9] We are the NHS People Plan for 2020/21
[10] NHS Terms and Conditions of Service Handbook: Section 33: Balancing Work and Personal Life

1. INFORMING OUR EVIDENCE

Introduction

1. We welcome the opportunity to submit our evidence on behalf of healthcare employers in England. We continue to value the role of the NHS Pay Review Body in bringing an independent and expert view on remuneration issues in relation to that part of the workforce covered by the 2018 NHS terms and conditions of service.

2. Our evidence has been informed by a continuous cycle of engagement with a full range of NHS organisations about their priorities. The healthcare response to the pandemic was understandably the focus of much of our discussions and COVID-19 has restricted our face-to-face contact with employees. However, alongside employers, we have made extensive use of virtual technology and when possible, we have:
    - had direct discussions with NHS chief executives
    - joined regional network meetings of human resources directors, the NHS Confederation and other employer networks
    - had direct discussions with NHS chief executives
    - carried out a survey on reward
    - maintained regular contact with HR directors and our policy board, which is made up of a cross-section of leaders from across the NHS.

3. NHS Employers acts as a link between national policy and local systems, sharing intelligence and operating networks for trusts and other employers to share successful strategies.

4. Our submission reflects the views of employers on the combined effect of the financial, workforce and transformation challenges faced by the NHS and the impact of the pandemic. It considers the impact of the NHS We are the NHS People Plan and the strategic direction set out in the NHS Long Term Plan, and how these factors might come together to influence employer decisions on pay and reward in 2021/22.

5. The Health and Social Care Secretary wrote to the chair of the NHSPRB on 18 December 2020 setting out the remit[11] for the review body's review of pay in 2021/22. The social care secretary confirmed the government's commitment to continue to provide NHS staff with a pay rise and that the affordability of pay recommendations

[11] NHS Pay Review Body Remit Letter 2021/22

will have to be considered within the context of the significant financial and economic pressures that have resulted from the COVID-19 pandemic, both within the NHS and wider public finances. The economic context and financial position of the NHS will be covered by other stakeholders who are better placed to provide detailed evidence. We refer to these subjects in the contexts in which employers have raised them with us.

2. 2018 TERMS AND CONDITIONS OF SERVICE

6. The current three-year pay deal ends on 31 March 2021.

7. Outside of any response to the workforce challenges provided by the pandemic, it is essential that we can continue to provide certainty on pay levels for our existing staff and those we need to attract and recruit.

8. Despite the impacts of the pandemic, it remains imperative for NHS employers to accelerate their drive towards greater transformational change and redesign of services to patients, with plans that are sustainable and affordable.

9. NHS leaders are telling us that any pay uplift in 2021/22 must reflect the enormous effort made by staff, be affordable and fully funded, and not be a detriment to closing the gap in terms of workforce shortages.

10. This is dominating the thinking of workforce leaders who are concerned about the pressures placed on employer finances by the continuing impacts of the pandemic, both in the short and longer terms, as they address the huge backlog. These additional burdens mean that funding pay uplifts through efficiency savings is not an option.

11. Leaders do not want to target a pay uplift in 2021/22 for staff in the remit of the NHS Pay Review Body.

12. After several years of complex pay changes, which have been essential to complete the necessary structural reform to the pay system and have had unique impacts on individuals, NHS leaders would prefer a pay award settlement that is straightforward and applied in the same way to all staff. Now that the transactional phases of the pay reforms have been largely completed, it is important to allow time for the system changes to be consolidated and for HR to make the most of the opportunity for a new focus on quality and staff learning and development.

13. The NHS can continue recruiting from both domestic and international markets so long as the current arrangement for a shortage occupation list remains. Problems of retention are not primarily caused by pay. There are elements of many NHS jobs, such as intensity and workload, which cannot be addressed though financial reward.

Local actions by employers to address nurse shortages are focusing on recruitment campaigns in local communities and international recruitment, as well as continued activities that support retention. Bank shifts are helping to meet increased demand caused by the pandemic.

14. We have not received information to suggest that employers are increasing their use of local recruitment and retention premia (RRPs). Employers wish to avoid creating competition on pay amongst neighbouring trusts, which tends to drive wage inflation.

15. The 2018 reforms necessarily drew HR teams into a large amount of transactional activity and much time was devoted to explaining to staff how their personal pay journeys would impact them in each of the three years. This was a necessary part of supporting the explanation of the structural reform within tightly constrained resources and a fixed timescale.

16. The HR community tells us that an affordable national pay settlement for 2021/22, as set out above and notwithstanding the continuing impacts of the pandemic, will support them to refocus on the urgent transformational activity that is necessary to develop the workforce in line with the growing and complex demands being placed on it.

2018 reforms

17. The key objectives of the 2018 reforms of the NHS pay system were:
    - supporting the attraction and recruitment of staff by increasing starting pay in every pay band
    - supporting the retention of staff by increasing basic pay for staff at the top of their pay bands
    - simplifying the pay structure and speeding up progression to the top of most pay bands
    - maintaining the minimum pay level at a favourable level compared to the national living wage.

18. These reforms provided a cumulative pay increase of 6.5 per cent for staff on the top pay points in pay bands 2 to 8c, representing real terms pay growth for these staff.

19. Redundant overlaps between pay bands which meant that, in some cases, supervisors might earn less than the staff they supervised, have been removed. Variations in the size of the gaps between pay points, which produced unwarranted differences in annual incremental uplifts, have also been removed. In the final year of the process, starting on 1 April 2020, further pay points have been deleted to increase starting salaries and reduce the length of time it takes staff to reach the top of most of the pay bands.

Changes in 2020/21

20. From 1 April 2020, the minimum annual basic pay rate in the pay structure increased to £18,005 (around £9.21 per hour). From 1 April 2020, the National Living Wage for employees who are 25 and over is £8.72 per hour. See page 15.

21. The government has also confirmed increases in the National Minimum Wage (NMW) rates.

22. The new rates to be applied from 1 April 2021 are:

Workers aged 23 and over (NLW)	£8.91
Workers aged 21 to 22	£8.36
Workers aged 18 to 20	£6.56
Workers aged 16 to 17	£4.62
Apprentices under 19, or over 19 and in the first year of the apprenticeship	£4.30

23. The changes to minimum basic pay in the pay reforms were a sensible response to uncertainty about immigration and an increasing National Minimum Wage. Yet the pandemic has reversed the trend for high levels of employment, and we are now already experiencing rapidly increasing unemployment. The NHS is in a strong position to grasp the opportunities the new labour market situation may provide.

24. Making these reforms in stages over three years has meant that employees on each pay point have experienced a unique pay journey. The NHS Staff Council published a range of resources[12] to help staff and managers get to grips with the changes, including a tool to help each employee understand the changes to their pay at each stage in the process. Yet in 2020, the immediate need to communicate with staff on the pandemic and the temporary COVID-19 terms were also important priorities.

Changes to pay effective from 1 April 2020

25. With effect from 1 April 2020, the changes to pay are as follows:
    - Pay was increased by 1.67 per cent for staff at the top of pay bands 2 to 8C.
    - The pay increase for staff at the top of pay bands 8d and 9 was capped at the same amount as the increase for the top of band 8c.
    - The pay point for some staff not at the top of their pay bands was abolished with effect from 1 April 2020. Their incremental pay progression was brought forward to 1 April 2020.

[12] 2018 Contract Refresh - NHS Employers

- Other staff received an annual pay uplift on 1 April 2020 and their annual pay progression on their pay step date, where they had not already benefitted from the abolition of a pay point.

26. Staff on the following transitional pay points on 31 March 2021 will move to the next pay point up on 1 April 2021:
    - £27,416 (band 5)
    - £33,779 (band 6)
    - £41,723 (band 7)

27. The reform of pay bands 8a, 8b, 8c, 8d and 9 was completed on 1 April 2020 and these pay bands now have an entry pay point and one other pay point. Although some staff in these pay bands were near the top of their band, the changes to their pay did not take them to the top pay point in their pay band. The deletion of two further pay points in each of these pay bands on 1 April 2020 left them without a personal pay point.

28. In line with the no detriment clause in the framework agreement[13], a consolidated payment was made to these staff.

Band	Years of experience	Basic pay as per the structure in 2020/21	One-off annual consolidated payment (paid in monthly instalments)	Total pay in 2020/21 for existing staff
8a	3 – 4	£45,753	£765	£46,518
	4 – 5	£45,753	£2,766	£48,519
8b	3 – 4	£53,168	£2,282	£55,450
	4 – 5	£53,168	£5,215	£58,383
8c	3 – 4	£63,751	£1,180	£64,931
	4 – 5	£63,751	£5,534	£69,285
8d	3 – 4	£75,914	£1,949	£77,863
	4 – 5	£75,914	£5,907	£81,821
9	3 – 4	£91,004	£3,290	£94,213
	4 – 5	£91,004	£7,732	£98,736

29. These payments were subject to pension contributions and tax and National Insurance deductions. They were paid pro-rata to part-time staff.

[13] Framework Agreement

30. The minimum and maximum values of high-cost area supplements (HCAs) were increased with effect from 1 April 2020 by the same percentage as the top pay points in pay bands 2 to 8c (1.67 per cent).

31. There were minor changes to unsocial hours calculations for staff in pay bands 1, 2 and 3. The percentages used for 2020 continue into future years.

Effective 1 April 2020		
Pay band	All time on Saturday (midnight to midnight) and any weekday after 8pm and before 6am	All time on Sundays and public holidays (midnight to midnight)
1	Time plus 47 per cent	Time plus 94 per cent
2	Time plus 41 per cent	Time plus 83 per cent
3	Time plus 35 per cent	Time plus 69 per cent

Pay progression

32. On pay progression, during the programme of reform, the NHS Staff Council agreed that those classed as existing staff would be those staff who:
    - were in post before 1 April 2019
    - changed jobs during the period of reform, but not pay band.

33. Current local organisational pay progression procedures continue to apply to existing staff until 31 March 2021, unless they are promoted to a new post in a higher pay band.

34. As staff in post before 1 April 2019 moved automatically to their next pay point, no change was made to their pay progression arrangements on account of the pandemic.

35. From 1 April 2021, the new pay progression arrangements will apply to all staff, regardless of whether they are considered existing staff, are new to the NHS, or are promoted.

36. During the programme of reform, staff not yet at the top of their pay band received a pay uplift on 1 April 2020 as well as incremental pay progression on their incremental/pay step date, in line with the arrangements that applied before the programme of reform began.

37. All staff commencing NHS employment and those staff who are promoted to a higher pay band on or after 1 April 2019 have been subject to the new pay progression arrangements.

38. It is expected that staff new to the NHS, and staff newly promoted, will be appointed to the bottom of the appropriate pay band.

39. The pay step date is the anniversary of the date the individual commenced employment in their current pay band. Pay step reviews under the new pay progression arrangements will start from 1 April 2021, as existing staff switch to the new arrangements and new or promoted staff become eligible to progress to the next pay step in their pay band. Employers and trade unions in NHS organisations have been working together to review their local policies, including appraisal and training and development, using NHS Staff Council materials.

Band 1

40. The NHS Staff Council agreed a national process for transferring staff in band 1 to band 2 with effect from 1 April 2019.

41. This date applied retrospectively where work to redesign the jobs and associated job evaluation processes was not completed by 1 April 2019.

42. Band 1 staff who transfer will move to the top of band 2 on 1 April 2021, under existing local pay progression procedures.

43. Where the choice exercise has been completed, employers and unions have been ensuring that staff who did not decide to move to a band 2 role continue to have the opportunity to do so. Staff who later decide to transfer will become eligible to move to the top of band 2 after two years.

44. NHS Employers has been supporting employers on this process by running workshops that have promoted the exchange of views and information on best practice and problem solving.

Outstanding work from the 2018 pay deal

45. In the agreed final pay structure, pay bands 2 to 4 and 8 to 9 have been reduced to two pay points per band, and bands 5 to 7 to three pay points per band. Reducing the number of points in each band has been intended to align the pay structure with what could be justified in terms of objectively differentiated performance, reflecting the legal requirement for equal pay for equal value work and having advantages for the gender pay gap. Reducing the time to reach the top of a pay band also has advantages in terms of supporting employer strategies to improve retention.

46. These changes to the pay structure have been introduced in stages, with some pay points being removed and/or merged in April 2018, 2019 and 2020. However, it was

not possible to complete all the pay structure changes and stay within the 9 per cent funding envelope over the three years of the reforms to 2020/21. Consequently, it was agreed that the final reforms to bands 5 to 7 would be completed during 2021/22.

47. In 2020/21, bands 5 to 7 have four pay points, including a transitional point in each band that will be removed in 2021/22 by merging with the top point. This completes the reforms by reducing each of bands 5 to 7 to three pay points and thereby reducing the minimum time to reach the top of each of these pay bands (see table below).

48. This structural reform will cost around 0.7 per cent of the non-medical pay bill. The exact cost will depend on the distribution of full-time equivalent staff in April 2021. The 2021/22 pay award for staff on the 2018 terms and conditions of service will be additional to this cost.

NHS TCS band 5-7 basic pay scale structure: 2017/18, 2020/21, and final structure after completed reforms

<table>
<tr><th></th><th colspan="3">Band 5</th><th colspan="3">Band 6</th><th colspan="3">Band 7</th></tr>
<tr><th>YoE*</th><th>2017/18</th><th>2020/21</th><th>Final structure</th><th>2017/18</th><th>2020/21</th><th>Final structure</th><th>2017/18</th><th>2020/21</th><th>Final structure</th></tr>
<tr><td><1 yrs</td><td>22,128</td><td rowspan="2">24,907</td><td rowspan="2">24,907</td><td>26,565</td><td rowspan="2">31,365</td><td rowspan="2">31,365</td><td>31,696</td><td rowspan="2">38,890</td><td rowspan="2">38,890</td></tr>
<tr><td>1-2 yrs</td><td>22,683</td><td>27,635</td><td>32,731</td></tr>
<tr><td>2-3 yrs</td><td>23,597</td><td rowspan="2">26,970</td><td rowspan="2">26,970</td><td>28,746</td><td rowspan="3">33,176</td><td rowspan="3">33,176</td><td>33,895</td><td rowspan="3">40,894</td><td rowspan="3">40,894</td></tr>
<tr><td>3-4 yrs</td><td>24,547</td><td>29,626</td><td>35,577</td></tr>
<tr><td>4-5 yrs</td><td>25,551</td><td rowspan="2">27,416</td><td rowspan="4">30,615</td><td>30,661</td><td>36,612</td></tr>
<tr><td>5-6 yrs</td><td>26,565</td><td>31,696</td><td rowspan="2">33,779</td><td rowspan="3">37,890</td><td>37,777</td><td rowspan="2">41,723</td><td rowspan="3">44,503</td></tr>
<tr><td>6-7 yrs</td><td>27,635</td><td rowspan="3">30,615</td><td>32,731</td><td>39,070</td></tr>
<tr><td>7-8 yrs</td><td rowspan="2">28,746</td><td>33,895</td><td rowspan="2">37,890</td><td>40,428</td><td rowspan="2">44,503</td></tr>
<tr><td>8+ yrs</td><td>35,577</td><td>41,787</td></tr>
<tr><td>Years to top*</td><td>7</td><td>6</td><td>4</td><td>8</td><td>7</td><td>5</td><td>8</td><td>7</td><td>5</td></tr>
</table>

* YoE = Years of experience in band (assuming progression occurs whenever eligible. In practice, progression is dependent on satisfactory performance); Years to top = minimum years to reach top pay value in band

= transitional point

Pay protection in pay bands 8 and 9

49. In the agreed final pay structure, pay bands 8 to 9 have been reduced to two pay points per band. The changes to the pay structure have been introduced in stages, with some pay points being removed and/or merged at the start of each year of the deal (April 2018, 2019 and 2020).

50. Moving to the final pay structure for pay bands 8 to 9 in April 2020 meant that staff on some points in these pay bands would see a reduction in basic pay based on the reformed pay bands. The agreement therefore included a provision for affected staff to receive top-up payments during 2020/21 to ensure that no staff would be worse off because of the pay deal over the three-year implementation period. The associated cost of the top-up payments in 2020/21 is around 0.1 per cent of the non-medical pay bill.

51. If the top-up payments are not extended beyond March 2021, a minority of staff will see a reduction in basic pay in 2021/22. This was understood at the time of the framework agreement, but the decision about how to handle this was deferred to be dealt with alongside 2021/22 pay policy decisions.

52. There is now a choice about whether to allow the affected staff to see a reduction in pay in 2021/22 or to offer some form of extended pay protection. If the pay protection is allowed to expire, there will be a saving of around 0.1 per cent of the non-medical pay bill. There are several options for extending some form of pay protection, the pros and cons of which need to be worked through with the Department of Health and Social Care (DHSC) and other stakeholders. These would result in at most a small net pay bill pressure in 2021/22 from spending marginally above the 0.1 per cent currently being spent on pay protection in 2020/21.

Future work programme

53. NHS minimum pay must be in line with the statutory NLW and, where appropriate the National Minimum Wage. In September 2019, the government committed to increase the NLW to around £10.50 per hour by 2024. The NLW is currently 49 pence per hour below the minimum pay point in the 2018 NHS pay structure. Current projections, based on the trend to date, suggest that the NLW might rise to £10.69 per hour by April 2024.

54. Further issues the NHS Staff Council will address in the future:
    - Reviewing the gaps between the maximum and minimum pay points in the pay bands to ensure more appropriate uplifts to pay on promotion from a lower to a higher pay band.

- Adjusting the pay step points in the middle of the pay bands so that there are equal ranges between the bottom and top pay step points.
- In pay bands 8 and 9, reducing the time taken to reach the top pay step point from five to four years.
- Continuing to align unsocial hours payments for staff in pay bands 1 to 3 with these payments for staff in pay bands 4 to 9.
- Reviewing the arrangements for working via hospital banks and identifying good practice.
- A review of high-cost area supplements (HCAS).

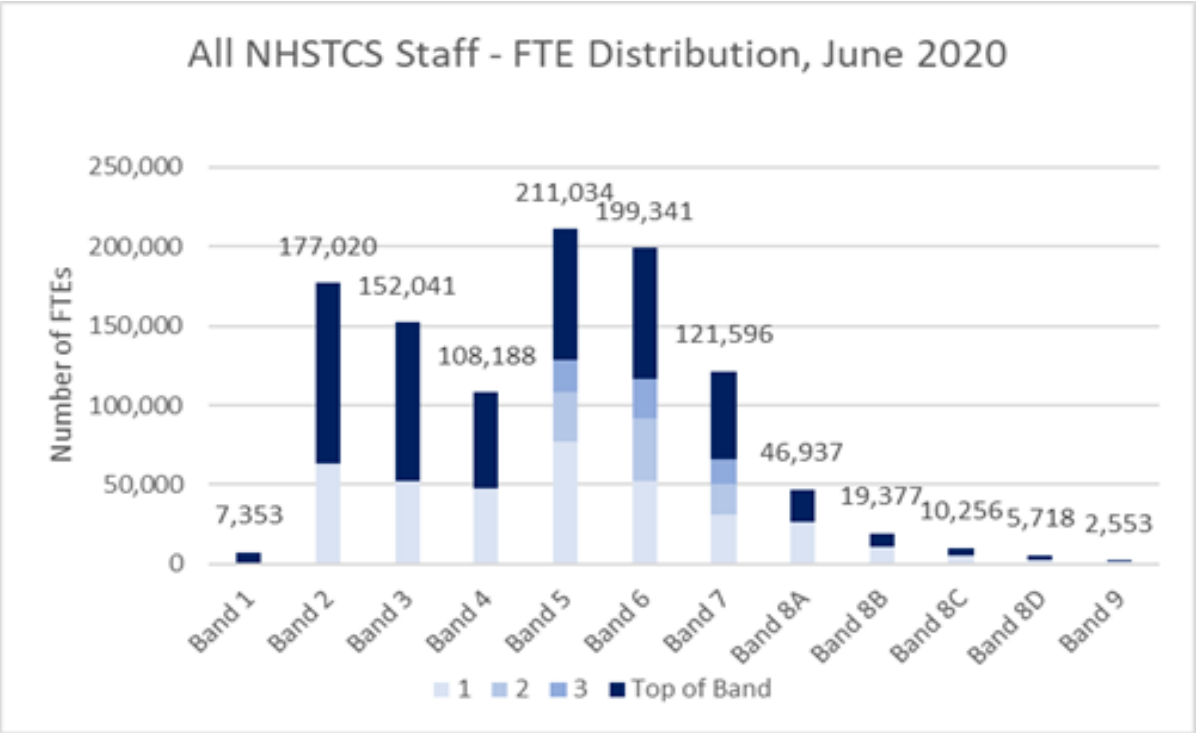
55. The NHS We are the NHS People Plan[14] confirms that from September 2020, NHS England and Improvement will work with the NHS Staff Council to develop guidance to support employers to make flexible working more widely available to their staff. The NHS Staff Council is proceeding with a review of section 33 in the NHS terms and conditions of service handbook, balancing work, and personal life[15]. We will keep the NHSPRB informed of progress.

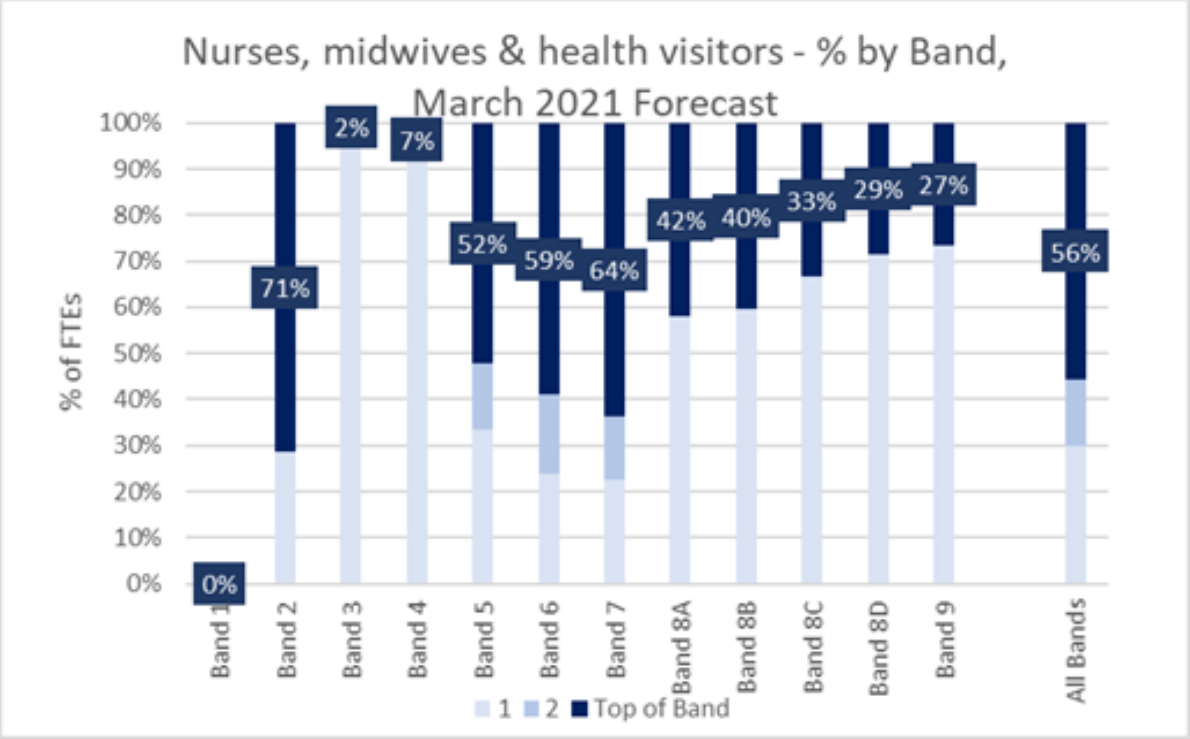
Early impacts of reform

56. In section 5, we refer to the need to align pay reform with structural reform of working patterns. Our staff must feel more empowered to flex and re-shape their careers. Employers have noted the importance of development opportunities as pivotal in the new pay agreement, to motivate those at the top of the pay bands.

57. The reforms mean that more staff are now at the top of their pay bands.

[14] We are the NHS People Plan for 2020/21
[15] NHS Terms and Conditions of Service Handbook: Section 33: Balancing Work and Personal life





58. Employers recognise that faster pay progression, enabling more staff to reach the top of pay bands more quickly, is both a challenge and opportunity. Staff will be rewarded for their efforts to master their roles and acquire new skills and responsibilities yet positions in higher pay bands will always be limited by operational requirements.

59. Employers must offer more flexibility for staff to transfer within the same pay band to acquire a greater range of skills and knowledge to equip them to work in a greater

range of settings. Staff movement linked to development will be essential if we are to make integrated care a success.

60. In implementing the 2018 reforms, the NHS Staff Council has delivered on the key recommendation in the Francis Report that pay progression should be linked to the quality of care and not time served. The reforms help to better incentivise compassionate and excellent care and the delivery of more care more appropriately. This is in line with the NHS Long Term Plan based on a new service model which places more emphasis on prevention and health inequalities, improving the quality of care and health outcomes across all major health conditions and harnessing technology to transform services.

61. Before the three-year deal, the NHS had been subject to a lengthy period of public sector pay restraint which damaged the attractiveness of the NHS to potential new recruits and made the retention of talented and ambitious staff more difficult. We say more about retention in Section 5.

62. As a result of the reforms, a nurse's starting salary has increased by around 6 per cent above inflation[16]. In the 2019 staff survey results[17] morale overall showed a slight improvement on the 2018 score with a theme score of 6.2 compared to 6.1 in 2018. In 2019, 38 per cent of staff were satisfied with their level of pay, a two-percentage point increase from 2018 and the highest result over the past five years.

63. In our evidence to the NHSPRB for 2019/20,[18] we reported that feedback from employers suggested that the decisions made by staff to leave their NHS employment were not inspired by pay alone but by a much wider range of factors.

64. Employers continue to tell us that pay is not the main reason why people choose to work in health and social care, nor is it the main reason why people choose to leave the NHS. Yet it is one of the ways in which we can attract high calibre people into health and social care and motivate them to stay.

65. Employers advise us that any change to pay must be set in the wider context of NHS finances at local and national level.

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[16] Closing the Gap: Nuffield Trust, King's Fund, Health Foundation
[17] 2019 Staff NHS Staff Survey Results
[18] NHS Employers Submission to NHSPRB 2019/20: January 2020

Pay strategy

66. If we are to improve the working lives of our people, our pay reforms must be dovetailed with structural reforms of working patterns. Our staff must feel more empowered to flex and re-shape their careers.

67. In their joint report Closing the Gap[19] , the King's Fund, Nuffield Trust and Health Foundation note that pay alone cannot address issues of staff supply and that additional investment in pay must always be balanced against the need for workforce development through increased staffing levels. Pay cannot solve problems caused by workload, bullying and lack of career progression.

68. Containing pay costs has implications for the attractiveness of working in the NHS and for the morale and motivation of the staff who are already in post. Yet, with around two thirds of their costs attributable to workforce, leaders in NHS trusts repeatedly tell us that pay must continue to be affordable, both in the short and longer term.

69. Our pay policy must help support the delivery of the NHS Long Term Plan and recruitment and retention of our staff are crucial to its successful delivery. Employers are improving staff engagement by obtaining regular feedback on the needs and aspirations of their staff. We know that for nurses, the satisfaction of caring for people together with a long-term desire to nurse are important factors in drawing talented people into the profession. Nurses expect to work in a caring team and have a satisfying career. Yet conflicts in clinical settings, disappointment over the treatment of nurses and changes within the NHS and nursing can deter promising people from choosing nursing as a career. Employers are acting on feedback from nurses to ensure that they feel a valued part of the healthcare team[20].

70. The NHSPRB noted in its 31st report[21] that a combination of factors is likely to influence a person's decision to leave the NHS, stating: 'this combination requires a range of initiatives to find retention solutions[22].' The total reward package has a significant impact on retention, and elements of the package can impact on specific aspects of employee experience. Employers are tailoring their total reward packages to meet the diverse and changing needs of their staff. We say more about this in section 6.

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[19] Closing the Gap: King's Fund, Nuffield Trust, Health Foundation: March 2019
[20] Reflections on Nursing as a Career: While and Blackman: 1998
[21] NHSPRB: 31st Report: June 2018
[22] NHSPRB: 31st Report: 2018

71. The seasonally adjusted unemployment rate[23] for persons aged 16 and over, measured between July and September 2020, was 4.8 per cent. Before the pandemic, despite relatively high levels of employment, around one in seven local areas were reporting employment below 70 per cent and there were growing concerns about precarious and insecure work adversely affecting young people with career aspirations[24]. In the last recession, the unemployment rate for young people grew three times faster than the rate for older people.

72. The NHS will need to grasp the opportunity presented by an increasing pool of unemployed people. The NHS offers of an attractive total reward package, and the opportunity of secure long-term employment, with valuable career development, is an attractive proposition that is particularly relevant to those younger people working in sectors affected by rising levels of unemployment because of the pandemic.

73. Employers are using apprenticeships to support new entrants and re-entrants to the labour market. We say more about this in section 7.

74. Employers will need to ensure that they are part of back to work schemes working constructively with local and national government, employers, Jobcentre Plus, further, and higher education institutions and other stakeholders.

75. We can, and should, do, more to provide employment opportunities for disabled people and other people with health conditions.

76. Some sustainability and transformation partnerships and new integrated care systems are well placed to operate effectively in this new environment. The 2018 pay and terms and conditions of service, have increased support for lower paid employees, but more will need to be done to improve job opportunities for people living in disadvantaged areas.

Pay gaps

77. Black and ethnic minority staff continue to be underrepresented in the upper tiers of the NHS, resulting in lower earnings[25] in this group. In the nursing workforce, the pay gap was 8.5 per cent in favour of white staff[26].

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[23] Office for National Statistics
[24] Institute for Employment Studies: Getting Back to Work: April 2020
[25] Race Equality Infographic: NHS Employers: October 2020
[26] The Healthcare Workforce in England: The King's Fund: November 2018

78. Within nursing, men are overrepresented at senior bands compared to their level of representation in the whole profession and men reach higher grades faster than women[27].

79. The quality and extent of the national dataset on these subjects is improving allowing, we hope soon, a more robust dialogue with the NHSPRB on causes and solutions.

80. Pay differentials between health and social care are a barrier to the integration of health and care services and to the objectives in the NHS Long Term Plan[28].

81. It is important that workforce developments are guided by local health and care providers and their communities and the challenges and opportunities they identify as priorities.

82. Workforce planning for these new health and care systems needs to start with their assessments of their local needs and priorities.

83. We say more about workforce planning in section 5 and integrated care systems in section 8.

[27] Nursing Pay by Gender Distribution in the UK: Punshon et al: 2019
[28] NHS Long Term Plan

3. FINANCIAL CHALLENGES

84. Although funding for the DHSC continues to grow, the rate of growth slowed during the period of austerity that followed the 2008 economic crash. Budgets rose by 1.4 per cent each year on average (adjusting for inflation) in the 10 years between 2009/10 to 2018/19, compared to the 3.7 per cent average rises since the NHS was established[29].

85. As a sector, NHS trusts have not been in financial balance since 2012/13[30]. Trusts in financial difficulty have been dependent on short-term measures to meet their financial targets, including loans issued by DHSC to pay for their day-to-day services.

86. In June 2018, the government announced a long-term funding settlement for the NHS that will increase the NHS budget in England by £33.9 billion in cash terms by 2023/24[31]. This is an annual real terms increase of on average 3.4 per cent. In January 2019, NHSEI published the NHS Long Term Plan[32], which sets out how the NHS will achieve the range of priorities set by government in return for the additional investment provided by the long-term funding settlement.

87. This year's pay round is set against both the health and economic impact of the pandemic. The final cost of COVID-19 to the NHS and to the wider economy will not be known for some time, but it will be significant. Public sector net debt excluding public sector banks (PSND ex) rose by £276.3 billion in the first seven months of the financial year, to reach £2,076.8 billion at the end of October 2020. Public sector net borrowing (PSNB ex) in the first seven months of this financial year (April to October 2020) is estimated to have been £214.9 billion, which is £169.1 billion more than in the same period last year[33] and the highest public sector borrowing in any April to October period since records began in 1993.

88. The Institute for Fiscal Studies (IFS) has forecast that the deficit will reach in the region of £350 billion – six times the level forecast at the Spring Budget – suggesting that once the economy has been restored a period of fiscal tightening could follow[34].

89. The IFS also noted that health spending has been maintained over the decade to 2019/20, whereas real terms public service spending elsewhere has been cut by 20

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[29] The NHS Budget and How it has Changed: The King's Fund: March 2020
[30] NHS Capital Expenditure and Financial Management: Eighth Report: June 2020
[31] The NHS budget and how it has changed: The Kings Fund: March 2020
[32] NHS Long Term Plan
[33] Public Sector Finances: Office for National Statistics: October 2020
[34] The IFS Green Budget: Institute for Fiscal Studies: October 2020

per cent.

90. On 25 November 2020, the Chancellor of the Exchequer set out the government's one-year spending plans and announced an extra £3 billion for the NHS in England for 2021/22, to help tackle backlogs in the health service. He also said that:

- a pay uplift for NHS staff in 2021/22 would be based on advice from the national pay review bodies
- pay for the rest of the public sector will be paused for a year
- public sector workers earning less than £24,000 will receive a pay increase of at least £250
- local authorities' core spending power on social care will increase by 4.5 per cent, giving access to £1 billion more to fund social care on top of the extra £1 billion social care grant announced earlier this year.

91. The increase to the National Living Wage, mentioned in section 2 will also benefit eligible NHS employees.

92. Employers welcome the extra resources, which are much needed to help clear the backlog of elective procedures, respond to rising demand for mental health services and help ease other pressures resulting from COVID-19. The announcement of more funding for personal protective equipment and test and trace is also welcome. However, the Health Foundation has suggested that this level of resource does not plug the £10 billion funding gap that the Foundation[35] has calculated will be in place in 2021/22.

93. While the NHS long-term funding settlement of 2018 will continue to be funded up to 2022/23, significant extra funding will continue to be needed to ensure there is sufficient NHS capacity alongside the extra demands caused by treating COVID-19 patients and implementing infection control measures. The NHS Confederation's submission to the Comprehensive Spending Review (CSR)[36] notes that the cost of managing the pandemic has required an additional £31 billion of support for health and social care above that already planned in the current settlement. This is as the result of increased operational costs, including additional staff; restraints on capacity, including the need to manage infection control; and a significant backlog of clinical demand.

94. The additional £500 million for mental health services announced in the Spending Review will go some way to helping providers meet the additional mental health demand. Yet, it is less than the £1 billion to £1.4 billion the Health Foundation[37]

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[35] Spending Review 2020: The Health Foundation: November 2020
[36] Comprehensive Spending Review Submission: NHS Confederation: October 2020
[37] Spending Review 2020: The Health Foundation: November 2020

estimates is needed to fully meet the extra demand in these areas of care.

95. The £260 million allocated for staff training and education in the Spending Review will go some way to support employers who need to address the long-standing workforce shortages across the NHS. We discuss the need for staff training and development in sections 5 and 7.

96. Capital funding is set to increase to £9.4 billion next year and this will enable the NHS to make progress on building 40 new hospitals by 2030, as well as delivering around 70 other upgrades in health infrastructure. However, this is lower than the £10.5 billion the Health Foundation[38] estimates is needed. There remains sub-standard equipment in estates in primary care and mental health.

97. The NHS was struggling to keep pace with demand prior to the pandemic. The additional funding announced in the CSR is unlikely to cover the funding gap that has been exacerbated by COVID-19. Social care and public health also require greater investment over the long term.

98. In an NHS Confederation survey of 250 NHS leaders, nine out of ten respondents were not confident that they could achieve the goals of the NHS Long Term Plan within their existing revenue settlement, with workforce cited as the most common pressure.

99. The condition of the NHS estate is also a factor. Making better use of capital investments and existing assets to drive transformation is one of the financial commitments in the NHS Long Term Plan. In the last few years, trusts have had to use some of their capital budgets to sustain day-to-day services. This amounted to £470 million in 2019/20[39].

100. In its submission to the CSR[40], the NHS Confederation notes that some of the long-standing workforce supply and vacancy challenges were mitigated during the pandemic, with a reduction in the amount of non-COVID-19 work carried out. It also notes that NHS leaders continue to be concerned about the impact of Brexit and the need to remedy long-standing inequalities that have been highlighted during the crisis.

101. Additional funding must continue if the service is to be able to meet expectations in the future. We would welcome a multi-year settlement that recognises these pressures, and which will allow the NHS to stabilise and get back on track in

[38] Spending Review 2020: The Health Foundation: November 2020
[39] Review of Capital Expenditure in the NHS; National Audit Office: February 2020
[40] The Comprehensive Spending Review 2020: NHS Confederation: October 2020

delivering the ambitions set out in the NHS Long Term Plan. The transformation already underway needs to be supported by adequate investment in capital expenditure, education and training, public health, and social care.

102. Investment is needed to grow the clinical workforce and to address long-standing workforce challenges through a national attraction and recruitment campaign. The NHS Confederation's submission argues that such national investment in workforce will offer some hope to those currently working in highly pressurised workplaces that their working conditions will improve.

103. Fair investment in pay and reward is one of the ways we can recognise the valuable contribution of our staff, but this should not be at the expense of other priorities, including improving workforce supply. Employers want to see a pay and reward offer that is fully funded and sustainable and which recognises the skills and talents of staff.

104. Our offer to potential new recruits is supported on foundations of secure long-term employment and valuable and rewarding career development. Retention relies on our delivering these elements of the offer.

4. PANDEMIC

105. The pandemic is the greatest challenge the NHS has faced.

106. In a recent survey[41] of employers conducted by the NHS Confederation, nine out of ten respondents said they were concerned about the long-term impact that the pandemic will have on their frontline staff.

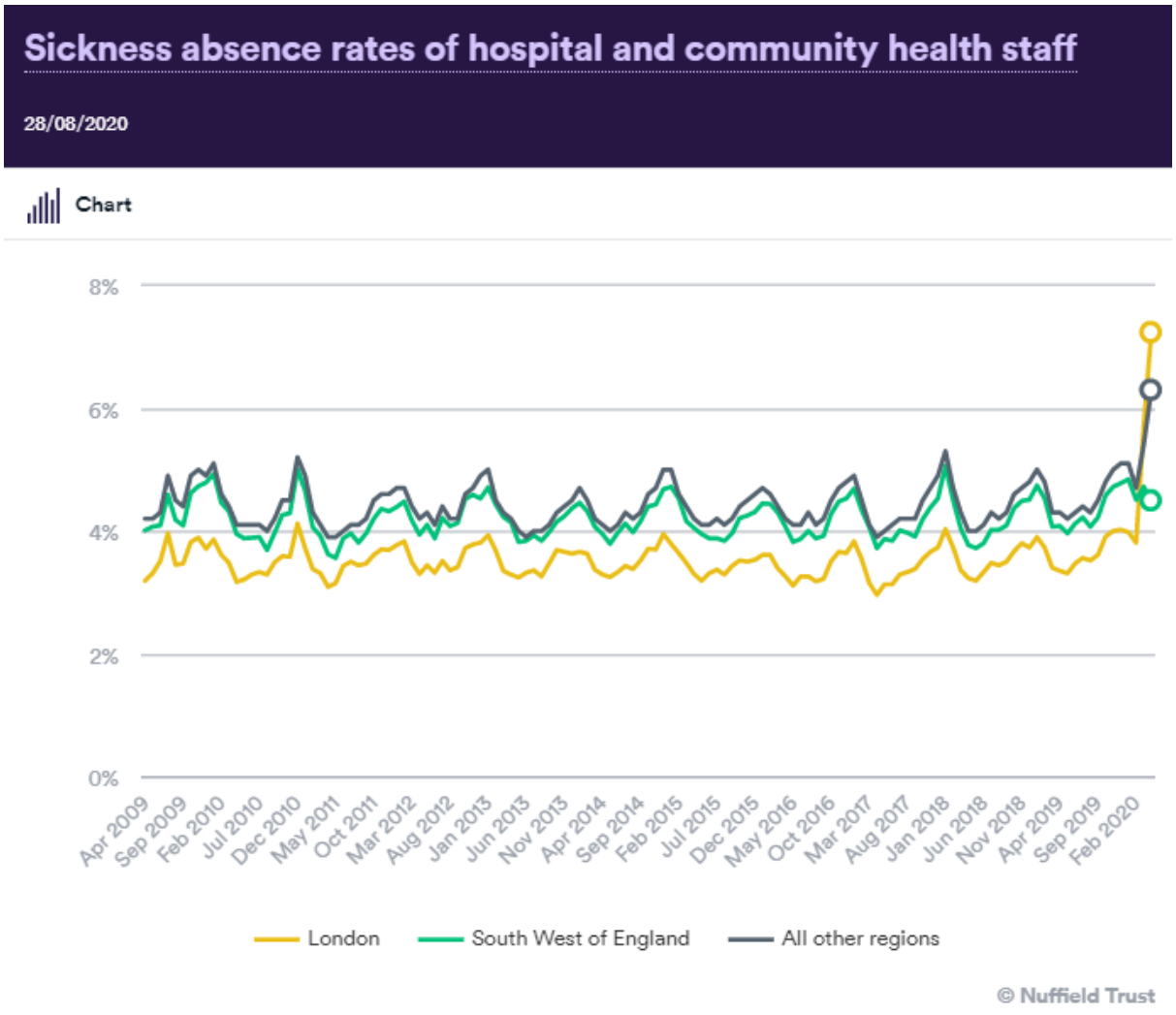
107. Some parts of our health and care services are dealing with local outbreaks of COVID-19 and a second surge of hospital cases, while managing a backlog of patients needing care. Yet many staff are exhausted and increased infection control measures reduce patient throughput.

108. The impact of the pandemic on the NHS is not likely to be known for some time.

109. It will be critical to understand the strain on health and care staff and the impact on their health and wellbeing, alongside the effects of restoring services, reducing significant staff vacancy rates and the impact of the second wave. Therefore, financial support must continue as we look ahead to provide ongoing support to employers in health and social care to strengthen their workforce.

110. Health and social care have been experiencing very high demands for both admission of emergency cases for treatment, including critical care, and access to primary care services. At the same time, some health and care staff and their families have been infected by the virus, creating higher-than-usual sickness absence or caring issues.

[41] NHS Reset: A New Direction of Health and Care: NHS Confederation



Note: Sickness absence is collected from Electronic Staff Records (ESR). Please note that this data is dependent on the completeness of trusts' ESR systems and may not be a true reflection of sickness absence due to under-reporting.

Source: Nuffield Trust analysis of NHS Digital's NHS Sickness Absence Rates

111. The continuing impacts of the pandemic are keeping the pressure on staff. Assessments of the risks faced by staff in high-risk categories have been carried out and some of these staff have been removed from the care of patients with COVID-19. In some cases, this is exacerbating the staffing shortages that existed before the pandemic.

112. Remaining staff have made many changes to their daily work routines. These include changing in and out of protective equipment, administering tests and reorganising multiple site visits or ward rounds. These changes reduce the amount of work they can do in a day.

113. Further ongoing impacts:

- The need to test patients and ensure increased infection prevention mean that treatment times are increased.

- The gradual re-starting of planned care requires a reliable and adequate supply of protective equipment.
- Many patients are still nervous about infection and some may not turn up for appointments.
- The NHS needs to assume patients who are admitted in emergencies are COVID-19 positive, requiring enhanced PPE and extra time for cleaning beds, imaging equipment and operating theatres between patients.
- Older hospital buildings where there is shared accommodation and narrow corridors makes segregating patients with and without the virus difficult. Finding adequate waiting areas where social distancing is possible is another challenge in some buildings.[42]

COVID-19 guidance

114. The suspension of elective activity to free up capacity[43] has put more pressure on waiting lists. Despite encouragement to use A&E services, many patients have stayed away. Therefore, patients in need of urgent care may not be accessing it, which will create further demand for services in the future.

115. Trusts are having to cope with winter pressures and deal with the large influx of very sick patients caused by the second wave of the pandemic. Additional financial support to employers to help them cope with these pressures must continue.

116. On 30 January 2020, as the pandemic emerged, a level 4 national incident was declared. DHSC, NHSEI, Public Health England (PHE), Health Education England (HEE) and NHS Employers collated the latest workforce advice into a resource for workforce leaders in the NHS[44] on the NHS Employers website.

117. This guidance was for all NHS organisations in England, yet due to the immediate demands of the crisis, the normal processes of co-production and iteration, including working in partnership with trade unions, was not possible.

118. The guidance refers to the workforce issues which have arisen during the pandemic. It is an additional resource to supplement local health system or organisational plans and to help HR teams and workforce leaders deliver them.

119. The guidance is being regularly updated and supplemented so that employers can protect and support their workforces, use them in the most effective way and recruit as quickly as possible from returning staff, volunteers, and students in training.

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[42] Nuffield Trust: Covid 19: June 2020
[43] British Medical Journal: March 2020
[44] COVID-19 Guidance for NHS Workforce Leaders

120. The guidance contains information on:
    - the importance of partnership working
    - communication with staff
    - the management and deployment of external staff to help organisations manage the impacts of the pandemic
    - pre-employment checks
    - organisational preparedness plans regarding indemnity and litigation
    - managing apprentices and using HEE's e-learning platform to complete statutory and mandatory training for individuals returning to practice or moving into new work areas
    - bringing back recently retired staff into the workforce
    - staff movement across the service
    - the new life assurance scheme for NHS and social care staff in England and Wales and the action for employers.

121. NHSEI and NHS Employers have increased mental health support to staff to ensure that staff stay well. Employers expect that the effects on staff mental health and wellbeing may take up to five years to show, and employers and national stakeholders continue to provide increased support to staff for their health and wellbeing.

122. During the pandemic so far, more than 13,000 former or overseas nurses and midwives have joined the Nursing and Midwifery Council's (NMC) temporary register[45]. NHS organisations and ICSs are exploring retention opportunities for as many of these staff as possible.

123. In 2018, the Ministry of Justice strengthened the law around assaults on emergency workers, with the introduction of the Assaults on Emergency Workers (Offences) Act[46]. The Act modifies the criminal offence of common assault or battery for instances where it is committed against emergency workers, including healthcare workers, with a maximum penalty of 12 months' imprisonment.

124. During the pandemic, new forms of assault have included coughing or spitting, and the Ministry of Justice has sought feedback on how the legislation is operating in practice. Due to the limited scope of this policy, and the people it relates to, this was not a public consultation and was only made available to a selected group of stakeholders, including HR directors in the NHS. Responses were due by 7 August 2020.

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[45] Nursing and Midwifery Council's Temporary Register
[46] Assaults on Emergency Workers (Offences) Act 2018

125. Although patients are returning to the NHS, there is a danger that lingering worries over contracting the virus may deter potential job applicants. The disproportionate impact the virus has had on ethnic minorities is well known and may discourage potential recruits from these communities. Urgent research into this challenge is needed so that we can develop effective ways to mitigate risks. The need to redeploy some BME staff is creating challenges within some organisations.

126. The public and corporations have recognised the need to protect the mental wellbeing of NHS staff and have been donating food; products to support relaxation and managing stress; counselling; discounts; and priority access to supermarkets at specific times.

127. Employers have developed guidance for healthcare professionals and workforce. HR leaders are providing staff with holidays and rest periods during the pandemic, support with their mental and physical health, and providing flexibilities to those with caring responsibilities. Employers recognise that this support needs to continue, to ensure that nurses and other staff groups do not suffer from burnout.

5. WORKFORCE CHALLENGES

128. It is disappointing to report, once again, that the NHS does not have a published workforce plan.

129. The new NHS People Plan is supported by NHS HR, yet directors of HR have commented to us that it does not say fully how our workforce shortage, of around 100,000 staff vacancies, will be addressed. Perhaps this is not surprising, as the plan does not come with new resources. Recruitment of nurses from abroad is becoming more difficult, due to the global effects of the pandemic, and filling vacancies with home-grown talent is at best a medium-term fix because of the time taken to train a new starter.

130. We report some good news on supply in section 7, yet we believe that workforce planning in the NHS must be a continual process to align the needs and priorities of the system with those of the workforce. Only this way can the NHS meet its legislative, regulatory, and patient service objectives. Evidence-based workforce development strategies will enable us to factor in the long-term impacts of the pandemic on the existing workforce.

131. The features employers want to see in our workforce planning at both local and national level are:
    - based on health and social care strategy and business plan
    - focused on future need
    - flexible enough to deal with constant change
    - subject to constant feedback and review
    - planning for staff numbers and skills, staff potential and how staff will be deployed and organised.

132. NHS leaders advise us that we will need to plan to recruit staff with new and different skill sets to match the requirements of new care settings, technological developments, and new integrated models of service delivery. Multi-disciplinary team working will be more important, as will the need for staff to use a broader range of skills in a bigger range of settings.

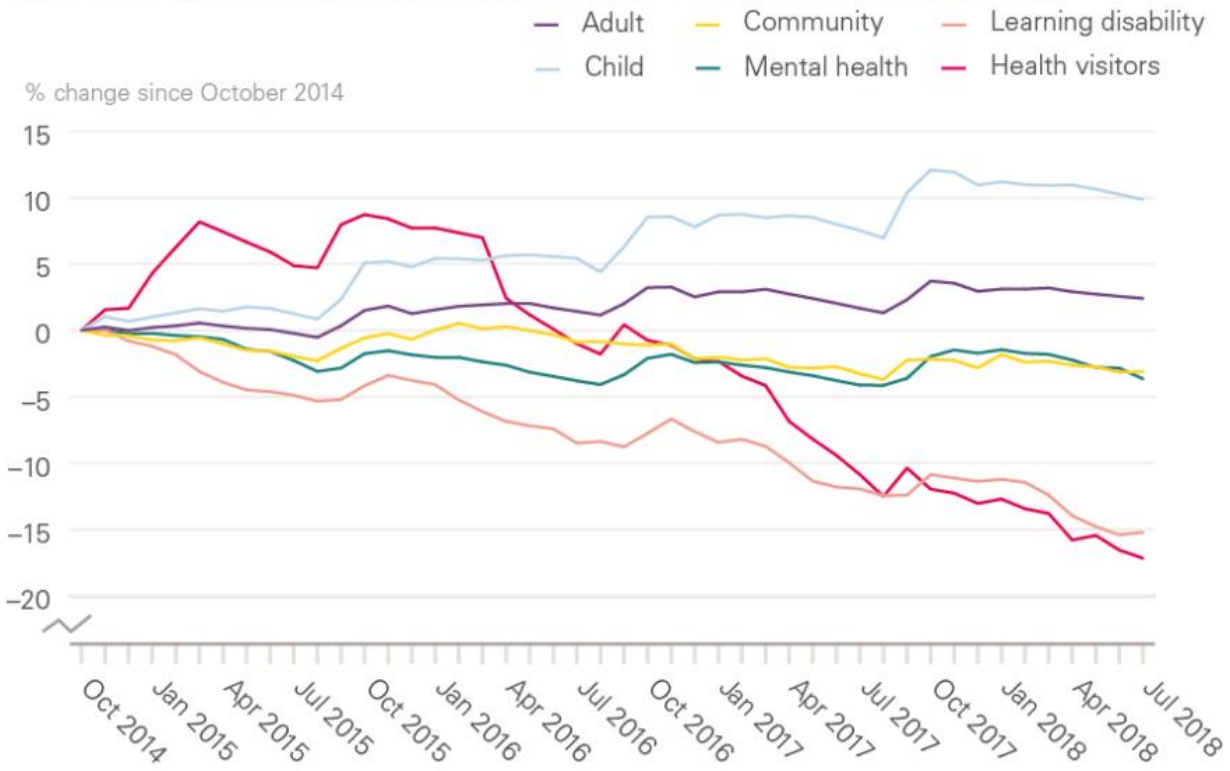
133. It is disappointing too that we do not have a workforce plan for social care where the impacts of the pandemic have been so severe on both care users and staff. Now, more than ever, we need a comprehensive workforce plan for health and social care.

The NHS Long Term Plan

134. The NHS Long Term Plan[47] is the basis for a five-year funding programme up to 2023/24. It is based on a new service model, which places more emphasis on prevention and health inequalities, improving the quality of care and health outcomes across all major health conditions and harnessing technology to transform services.

135. It is the NHS workforce that will deliver the programme of work set out in the plan, and the We are the NHS We are the NHS People Plan for 2020/21 identifies some of the significant workforce challenges currently faced by the NHS. The current workforce in post is our means of delivering safe, effective, and timely care, yet the growth of that workforce has lagged well behind growth in activity[48].

Figure 1: Change in nursing workforce by work area (HCHS), October 2014 to July 2018



Source: NHS Digital. *NHS Hospital and Community Health Service (HCHS) Monthly Workforce Statistics – July 2018, provisional statistics* (2018).

Retention

136. The NHS Long Term Plan commits to extend NHS Improvements' Retention Collaborative Programme,[49] with the aim of improving staff retention by at least two

[47] NHS Long Term Plan
[48] Falling Short: The Health Foundation: November 2019
[49] NHS Improvement: The National Retention Programme: Two Years On: July 2019

per cent by 2025. The new NHS We are the NHS People Plan[50] includes Our People Promise, which outlines behaviours and actions that staff can expect from NHS leaders and colleagues, to improve the experience of everyone working in the NHS.

137. However, the problems caused by the pandemic are jeopardising our ability to focus on the longer term. In its 2020 report on the NHS nursing workforce, the Public Accounts Committee says: '...there are worrying indications that the NHS has reverted from long-term planning to short-term firefighting. This is not good enough for the over-stretched NHS workforce. It must press on with coherent plans to get the nursing workforce back to capacity.'

138. In section 7 we refer to the adaptations to recruitment processes adopted during the pandemic, which are speeding up the process. This is supporting existing staff who must work extra shifts to cover vacancies.

139. In 2017/18, one in nine staff (135,000) left the NHS[51]. There is now a large body of research suggesting that happy, motivated staff who enjoy their jobs are less likely to leave their employment. In this section, we describe local and national work to increase staff engagement and improve retention.

140. The NHS We are the NHS People Plan says that the NHS needs to become a more flexible and modern employer if it is to make further improvements in this area. Among the suite of resources we have developed to support employers is a flexible retirement guide[52] that focuses on supporting older staff with more flexible forms of retirement and contains top tips and examples from trusts. We say more about flexible retirement in section 6.

141. This year, the numbers of nurses leaving the NMC register[53] were the lowest recorded for five years. Yet in their report, The Courage of Compassion[54], the King's Fund says that the number of nurses and health visitors leaving their posts in hospitals and community services in England within three years of joining has risen about 50 per cent since 2013-14 and is now around 28 per cent. The authors suggest that this situation has been compounded by the pandemic, which has exacerbated longer-term issues including high workloads, inadequate working conditions, staff burnout and inequalities, especially, the authors say, among staff in minority ethnic groups who have been worst affected by the pandemic.

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[50] NHS We are the NHS People Plan for 2020/2021: NHS England: July 2020
[51] Public Accounts Committee: NHS Capital Expenditure and Financial Management: July 2020
[52] Flexible Retirement Hub: NHS Employers
[53] Nursing and Midwifery Council: Registration Data: March 2020
[54] The Courage of Compassion: The King's Fund: September 2020

142. The report suggests that the 12-hour shifts, that many NHS nurses work, are associated with a higher risk of burnout and job dissatisfaction, and this has the potential to result in lower quality of care for patients. The authors say these shifts must either be shortened to eight hours or changed so that nurses can have more breaks during their shifts, including somewhere to nap then or before they go home.

143. The UK-wide Royal College of Nursing employment survey 2019[55] suggested that nearly a quarter of nurses and midwives were looking for a job outside the NHS. In 2019, the national NHS Staff Survey in England showed that 44 per cent of nurses and midwives indicated that they had been unwell because of work-related stress in the previous 12 months, the highest percentage reporting this in five years. More than half reported attending work in the past three months despite not feeling well enough to perform their duties. Then the pandemic started.

144. We refer in section 8 to the NHS Confederation NHS Reset campaign which is exploring how the health and care system should plan for, commission, and deliver health and care in future.

145. In section 4 we refer to the gradual reinstatement of NHS services while employers are continuing to cope with the impacts of the pandemic, this creates a risk that communities will have expectations of staff that cannot be delivered. In our national communications we must continue to reinforce our support for staff while promoting realistic expectations of what can be included in 2021-22 delivery plans. We must ensure safe working environments to attract new staff, who will be the judges of whether the NHS is the best place to work.

Engagement and retention

146. NHS workforce statistics[56] for March showed an increase of 12,000 nurses in the preceding 12 months. The RCN's November 2019 workforce survey[57] showed that out of 1,630 who were leaving, poor pay and benefits was given as a reason by 5.8 per cent. This was four times more likely to be given as a reason by those under 40 than those above.

147. We have spoken to employers who are using online exit surveys and face-to-face interviews to help them build up a comprehensive picture of the reasons why their staff leave. Yet leaders recognise that finding out why an employee was dissatisfied at the point of departure can sometimes be described as 'shutting the stable door

[55] RCN Employment Survey 2019: Royal College of Nursing: November 2019
[56] NHS Digital: Latest Workforce Data
[57] Royal College of Nursing: Workforce Survey: November 2019

after the horse has bolted.' Staff retention begins on the first day at work.

148. The NHS We are the NHS People Plan sets us the challenge of being open to all clinical and non-clinical permanent roles being flexible. Employers report that the feedback they receive from their staff, including through their exit surveys, suggests nurses often only receive their rotas 12 weeks in advance. This can make holidays, childcare, special occasions, and other life events difficult to plan for. Missing a school parents' evening, for example, can have lasting adverse impacts on general wellbeing and family life, as well as staff engagement and morale.

149. Unlike in some other professions, there are no quiet weeks or downtime between work programmes. Staff regard pay as an important part of their total reward, but their mental health and work-life balance are also important.

150. Staff need more opportunities to choose the hours they work and have more control over their weekly tasks. Weekends are important, as are regular breaks and holidays. We need to be more open to the concept of, and make greater use of, portfolio careers to retain access to talent and expertise.

151. Employers tell us that many staff in the later stages of their careers who want to continue to work are put off by long shifts and undesirable work-life balance. Employers recognise that by providing more flexible working arrangements, and managed reductions in participation, these experienced and talented people can continue to make an important contribution, including support to new recruits. We refer to flexible retirement options in section 6.

152. We believe that retention often relies on the individual's experience in work, and employers tell us that the leadership culture is the most important influence on staff motivation and their desire to stay working in the NHS. In their joint report Closing the Gap[58], the King's Fund, Nuffield Trust and the Health Foundation suggest that retention is directly related to the leadership and culture of the organisation. The report suggests that staff leave because they feel overworked, underpaid, poorly treated, unable to deliver good care, unable to progress, or a combination of some or all of these things.

153. In NHS trusts, line managers execute the leadership vision of the organisation and have an important role to play in the design and development of the total reward package and in communicating reward to employees[59].

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[58] Closing the Gap: King's Fund, Nuffield Trust, Health Foundation
[59] NHS Leadership Academy: Leadership in Today's NHS: June 2017

154. Annual appraisal is a key part of the reward offer and we have spoken to employers who are supporting their line managers in developing their decision-making and communication skills. Appraisal provides a way of strengthening relationships between the manager and their staff, which can improve the staff employment experience and in turn improve patient outcomes[60].

155. Feedback from our Total Reward Engagement Network indicates that the needs of staff vary, and are influenced by factors such as age, personal circumstances, and career aspirations. Within NHS organisations, there are different groups of employees that are motivated in different ways and the needs of each group will have different implications for reward design and a line manager's behaviour.

156. We have spoken to organisations where these considerations are driving the development of local total reward packages, which are shaped by regular feedback from employees through line managers and a variety of other channels such as focus groups and apps.

157. Some organisations have explained how employee feedback inspires them to discontinue elements of reward that are less valued by staff, in favour of new or revised elements that are more valued. Staff recognise how they can influence developments in their favour, and this is strengthening the psychological contract between them and their employer. Yet most of the organisations we speak to say they believe they can make this process more systematic and responsive through improved use of new technology, including mobile apps. Such developments would have broad support among their workforces. We say more about total reward in section 6.

158. In 2016, NHS Employers worked with 92 NHS trusts[61] to support them to develop retention strategies. Building on the success of this programme, NHS Improvement and NHS Employers further supported employers with staff retention, providing hands-on support and practical resources, as well as targeted interventions such as flexible working, to retain the nursing workforce.

159. National nursing staff turnover rates fell from 12.5 per cent at the start of the programme, to 11.9 per cent in the summer of 2019. This collaborative effort and progress to date has been achieved through good working relationships across national organisations and between national and local organisations.

160. There is much more we need to do to support new staff in their continuing professional development (CPD) and we must ensure that staffing levels do not lead

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[60] Aston Business School: HR Management and Lower Mortality: January 2003
[61] Retaining your Workforce - NHS Employers

to an over-reliance on newly qualified staff. The announcement of new funding for CPD in 2019[62] was welcomed by employers in the NHS. Nurses, midwives, and allied health professionals will be given access to £1,000 towards their personal development over three years and new funding has been allocated to wider education and training budgets. Employers tell us that CPD is vital to support training capacity, service quality, financial wellbeing and recruitment and retention of staff.

161. NHS colleagues tell us that staff at the beginning of their careers need adequate levels of management support as they make the transition to roles with increased levels of responsibility. If this support is not available, their level of engagement will drop and their mental wellbeing may suffer. Such situations contribute to rates of attrition.

162. These considerations indicate a need for adequate training for line managers in all aspects of people management, including having difficult conversations whenever the need arises. We have spoken to organisations where HR is ensuring that rewarding line managers who successfully discharge their people management responsibilities is part of organisational reward and engagement strategy.

163. The 2019 NHS Staff Survey showed that only around 25 per cent of nurses were satisfied or very satisfied with their level of pay.

164. However, pay is not cited as a main reason for leaving the NHS. We need to do more to ascertain how much employees are committed to their jobs and their employer and how much is it that they cannot afford to leave their employment. The RCN report, Gender and Nursing as a Profession[63] points out an ethnic bias in pay and that a greater proportion of leavers are from BME backgrounds.

165. The report suggests that there are limited opportunities for career progression and some nurses perceive pressure to move from clinical roles into personnel management.

166. This research demonstrates that, in comparison to some other health care professions, nursing provides fewer opportunities for progression. As well as being associated with moving away from clinical roles (and away from care), progression is also associated with an element of risk that may not always be perceived to be adequately rewarded or supported. Progression can also lead to less flexible roles, which can be unattractive to nursing staff with family or caring responsibilities.

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[62] HM Treasury: September 2019

[63] Royal College of Nursing: Gender and Nursing as a Profession

167. One study[64] looked at a range of research between 2003 and 2019 and concluded that:

'The current nursing shortage and increased turnover intentions are proving to be a global problem. For this reason, it is imperative that nurse managers plan strategies to improve nurses´ job satisfaction... These findings propose that extrinsic factors (such as salary and rewards) will never be as effective in maintaining job satisfaction as intrinsic factors (such as spiritual intelligence, professional identity, and awareness).'

168. We have set out the structural changes to the pay systems delivered by the 2018 reforms in this and our last two submissions, yet these changes alone cannot deliver greater options for nurses to develop and progress their careers.

169. There is a pressing need to better understand and support career progression and development opportunities in the nursing profession, including for those working in social care now and who may do so in future.

Staff wellbeing before the pandemic

170. Despite efforts from employers and national organisations, the wellbeing of the NHS workforce was already under some significant pressure before the pandemic and had been for some time.

171. The 2019 NHS Staff Survey found that 40.3 per cent of respondents reported feeling unwell due to work-related stress in the previous 12 months (this score has been steadily increasing since 2016)[65]. The survey also found that 56.6 per cent of respondents said that in the last three months they had gone to work despite not feeling well enough to perform their duties. There has been little change in this figure over the last three years. The national sickness absence rates rose from 3.8 per cent in April 2018 to 4.1 per cent in April 2019, which is the highest level reported at that time of the year in a decade[66]. The most common cause of sickness absence was anxiety, stress, depression, and other psychiatric illnesses, which accounted for nearly a quarter of staff absences.

[64] People Element: Why Money won't Motivate Nurses
[65] NHS Staff Survey Results
[66] NHS Sickness Absence: The King's Fund: October 2019

Impact of the pandemic on staff wellbeing

172. NHS employers have told us that most of the workforce has so far coped well with the pandemic, but they are starting to see the impact on individuals' mental health.

173. They anticipate mental health issues will continue to develop in the coming months and years. This is consistent with the evidence base, which suggests that burnout and post-traumatic stress disorder may only start to emerge in the period following a crisis[67] [68]. Employers report to us anecdotally that their staff are beginning to show signs of fatigue, exhaustion, and emotional distress.

174. There are many ongoing studies exploring the impact of the COVID-19 pandemic on the wellbeing of the NHS workforce, several of which will explore the impact on different staff groups, such as those with a disability or from BME backgrounds[69]. At the time of writing, the only published studies are relatively small scale, however, they do provide indicative findings that the pandemic has had a negative impact on the mental wellbeing of a significant proportion of the NHS workforce.

Employer achievements

175. Support for staff wellbeing during the pandemic has included national support through wellbeing apps, a helpline, peer support and training for line managers[70]. Locally, employers have rapidly implemented comprehensive support packages for staff, building on existing wellbeing support.

176. Employers are committed to making continuous improvements for their workforce. Mersey Care NHS Foundation Trust is a pioneer of the just and learning culture approach in the NHS, building trust and empowering staff, whilst reducing bullying and blame[71].

177. Many NHS organisations are focusing on building staff engagement[72], encouraging freedom to speak up[73], and tackling stigma around mental health[74]. NHS Employers has been working with trusts for several years to support their approaches to retention, focusing on supporting new starters, career development, flexible

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[67] Going for Growth: Royal College of Psychiatrists: May 2020
[68] The Psychological Needs of Healthcare Staff: The British Psychological Society: March 2020
[69] Disabled Staff Experiences: NHS Employers: August 2020
[70] Support Now: Our NHS People
[71] Learning and Culture: Mersey Care NHS Foundation Trust
[72] Trust Makes it Happen: NHS Employers: December 2019
[73] Developing a Patient Safety Culture: NHS Employers: December 2019
[74] Leading the way and tackling stigma: NHS Employers: September 2019

working, and flexible retirement[75]. We are continuing this work in partnership with NHSEI, to complement their direct support programme and the delivery of the NHS We are the NHS People Plan. The NHSEI direct support programme has reduced turnover in participating organisations by an average 1.6 per cent[76].

178. Employers have adapted their support to staff because of the pandemic. This has ranged from improved access to food and drink, to access to mental health counselling. There was particular emphasis on setting up safe spaces (which have been referred to by several different names) where staff could take a break, talk with colleagues, or just have time to reflect. On site and telephone support services were extended.

179. Organisations also offered digital tools to assist with issues such as sleep, stress, and resilience. Absence levels did rise substantially during the first peak and it is anticipated that there will be an ongoing impact on staff health and wellbeing. The national support package is being sustained to the end of 2020. More specialist support is being developed with mental health trusts for those at higher risk.

180. Despite these positive examples, the effectiveness and impact of this work is limited by continued workforce shortages. These shortages must be addressed if significant improvements to the wellbeing of the health and social care workforce are to be made.

181. Employers struggle to make the changes needed to prevent ill health and improve staff wellbeing without sufficiently staffed services. We know that organisations want to improve their approaches to flexible working, reduce the pressure and stress of high workloads on staff, and give managers and staff time to invest in their teams, their own development, and building positive and inclusive cultures.

182. It will take time to recover from the pandemic and there will need to be a realistic expectation of what the NHS and our staff can deliver. The strain of working with COVID-19, together with the cumulative impact effects of restoring services, significant vacancy rates and the second peak, will all have a major impact on staff, and we must do all that we can to support them.

183. The wellbeing and sustainability of the NHS workforce should also continue to be supported nationally by:
    - investing in educational training places to improve workforce supply into the NHS in the long term

[75] Improving Staff Retention: NHS Employers: April 2019
[76] A Critical Moment: The Health Foundation: 2019

- providing funding to enable employers to make changes outlined in the NHS We are the NHS People Plan to their working environments and people practices, reducing attrition and improving staff experience
- investing in accessible local wellbeing support packages for the health and care workforce, and supplementing this where it makes sense to commission national services
- funding the training and deployment of additional mental health trained professionals to be available locally to support staff wellbeing
- continuing to provide a national attraction and recruitment campaign for health and social care to encourage applications from all parts of our communities to join the team.

184. Organisations have also adapted their approach to staff engagement during the pandemic. Initially, organisations suspended usual staff engagement activity and focused on improved communication. After the initial phase, organisations developed a range of innovative methods to secure staff feedback. These included greater use of face-to-face team meetings/huddles as well as a widespread shift to virtual meetings with senior leaders. Many organisations developed local staff surveys focused on COVID-19 issues to respond to staff concern. Real-time feedback tools were also successfully used in a range of trusts, as well as crowdsourcing for ideas to change services.

185. The adult social care sector has also been under huge pressures and faces many of the same issues as the NHS.

186. In all four UK countries there are high levels of vacancies for nursing in social care. In adult social care in England, the registered nurse vacancy rate before the pandemic was 12 per cent and registered nurse was one of the only job roles in adult social care to see a significant decrease – 30 per cent since 2012/13[77].

187. Employers are supporting teams who have seen many patients die on their watch despite their best efforts. Others have been affected by family bereavements. Our challenge is to recognise and address immediate and longer-term mental health needs, deal compassionately and effectively with stress and fatigue, and embed policies which confirm that NHS employees are looked after.

[77] Adult Nurse Vacancy Rate: Nursing Times: October 2019

Second wave

188. As we have been compiling our evidence, a second wave of COVID-19 infections has been developing. By the end of October 2020, the total number of people with the disease admitted to our hospitals was higher[78] than on 23 March, when the first lockdown was announced. In some regions, hospitals have been treating more COVID-19 patients than at the peak of the first wave.

189. NHS and care staff are not only treating people with COVID-19, but they are also providing support to people who have other serious health conditions. Providing non-COVID-19 services is challenging as cases rise in hospitals because staff need to plan for more patients coming in with the virus, and they also need to take extra hygiene measures to make sure other areas of hospitals are safe for people to use. Employers tell us that staff are feeling the acute impact of this pandemic on their health and wellbeing.

190. Yet, the NHS used the summer to prepare for further cases of COVID-19 while, as we have said, also restarting services that were disrupted by the first wave. New trialled and tested treatments have become available, advances in oxygen therapies are aiding the recovery of more patients, and 14-day survival rates in intensive care have improved from 72 per cent to 85 per cent since the pandemic began[79]. Earlier capital investment has already been helping hospitals boost their A&E capacity and treat patients safely by separating COVID and non-COVID general and critical care beds, and the NHS is now delivering the first vaccinations against the virus.

191. NHS staff can see that their innovation and dedication is improving results for patients. When it began, the pandemic was a new challenge, and its impacts were unpredictable. Yet NHS leaders have been sensitive to the unique needs of individual staff and teams and have encouraged staff to rapidly implement new responses and procedures.

192. As part of its NHS Reset campaign, the NHS Confederation has published a report on learning, best practice, and innovation[80] during the pandemic. Each part and every level of the health and care system saw significant change in the first wave of the pandemic, at a speed and scale previously unseen. The report identifies changes in leadership culture that were reflected in a common purpose and a shared sense of urgency. Other factors supporting the achievements of the NHS so far are:
    - practical support by way of additional finances
    - lighter-touch regulation

[78] NHS News: October 2020
[79] NHS News
[80] What We Have Learned So Far: NHS Confederation: November 2020

- behavioural and cultural factors
- developments in the use of digital technologies.

193. New vaccines are the light at the end of the long tunnel, yet the dedication and professionalism of NHS staff has been evident throughout.

Nursing associates

194. The nursing associate role bridges the gap between healthcare support workers and registered nurses. Nursing associates deliver hands-on care in a range of settings. Employers are using this role to attract new talent into the NHS, and to develop and retain significant numbers of staff already in support worker roles. This is making it easier for more staff to become registered nurses.

Learning disability nurses

195. Employers are offering their learning and disability nurses access to training and development, including access to leadership and quality improvement courses, further education, and job rotations. Employers have suggested that the creation of a strong academic infrastructure in this area of nursing would help to create more varied job roles, as it does in other areas of the nursing workforce. HEE will embed peer support workers in mental health settings[81].

Ambulance

196. Leaders in ambulance services are playing an important role in the integration of health and care services helping to identify successes and the challenges which lie ahead in planning the future shape of healthcare services.

197. Ambulance staff routinely see a broad range of people and issues, which makes them well placed to support people to improve their health. Ambulance services have access to a rich dataset on local populations, including ambulance activity and call category data.

198. Ambulance services are helping to shape the delivery and development of services within integrated care systems, working with partners in health, police, fire, local authorities and third sector organisations.

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[81] Peer Support Workers: Health Education England

199. NHS Employers continues to work with ambulance employers on workforce development. Our shared aim with employers is to develop organisational cultures that promote higher levels of morale, motivation, staff satisfaction, wellbeing, and engagement. The resources[82] on our website have been developed in partnership with employers and trade unions and are supported by the Association of Ambulance Chief Executives and the National Ambulance Strategic Partnership Forum.

[82] Ambulance Workforce Development: NHS Employers

6. TOTAL REWARD

200. Our staff must feel safe and secure, so far as is possible in the current circumstances, so that they can continue to achieve extraordinary things in terms of delivering care to patients.

201. The safety and health and wellbeing of our workforce really matters, and this must form a central part of the continued work we do around the support offer to our workforce, before turning to other benefits in the total reward package.

202. The pandemic has already had some significant impacts on the physical, mental, and psychological wellbeing of our workforce. Employers and the leaders working in these organisations must keep investing resources in the broader workforce support offering, to ensure that our people are able to stay well at work and that the staff experience of working in the NHS is improved for everyone.

203. One key lesson from the pandemic is that policies to promote staff health and wellbeing are not just a part of the total reward package, they are a prerequisite to effective staff morale, motivation, and engagement.

204. In this section, we report on the action employers are taking, in line with the new people plan, to ensure a positive and rewarding employment experience for all staff.

205. NHS leaders affirm that making the NHS an attractive employer, as part of efforts to tackle workforce shortages (which, without intervention it is suggested, might rise to 250,000 by 2030[83]) is the biggest challenge the NHS faces.

206. NHS Employers engages with employers on reward through a national Total Reward Engagement Network (TREN) and an annual reward survey. We work with employers to develop the resources they need to implement and maintain effective workforce strategies. Our work programme is tailored to meet the evolving needs of all types of employers in the NHS family. Our website contains a strategic reward toolkit[84], developed with the help of employers, presenting good practice learned through experience of what works in the NHS and drawing on ideas from elsewhere.

207. The NHS continues to provide a comprehensive and attractive core employment offer, through a well-regarded package of valuable benefits, including financial and

[83] NHS Digital: NHS Sickness Absence Rates: January to March 2020: 23 July 2020
[84] Developing a Reward Strategy: NHS Employers

non-financial rewards, and a highly regarded and valued pension scheme.

208. Given the number and diversity of NHS organisations, it is not surprising that a strategic approach to reward is manifested differently in each organisation.

209. Increasing demand for services is pressing all employers to use reward to ensure a stable, competent, and engaged workforce that can also be deployed with greater flexibility. This means that total reward in the NHS has many elements and supporting activities, which are evidenced in organisations according to their workforce needs.

210. Employers tell us that total reward must continue to evolve as organisations address the current challenges of dealing with the pandemic, rising patient demand, new models of care, efficiency challenges, workforce shortages, staff morale, inclusion and belonging.

211. The NHS Pension Scheme continues to be one of the most comprehensive and generous schemes within the UK. There is more work for all stakeholders to do to improve understanding of the NHS Pension Scheme among both employers and staff. NHS Employers is continuing to stress the importance of engaging staff with the scheme throughout their careers to help them make financial plans[85].

212. In response to our 2020 survey of employers, around two thirds said they were using the reward package to meet their long-term workforce objectives of attraction, recruitment, and retention of staff.

213. As employee priorities change during the span of their careers, it is important that they can make use of greater flexibilities in their reward package. In our 2020 reward survey we asked employers how they would rate the effectiveness of the NHS Pension Scheme to attract and retain staff. Employers confirmed that the scheme was an important benefit of working in the NHS. However, employers also said more work was needed to raise awareness of the scheme to all existing employees and potential new staff as part of retention and attraction strategies. Employers welcomed our support to develop concise communications that clearly present the benefits of the scheme.

[85] NHS Pension Scheme: NHS Employers

NHS We are the NHS People Plan

214. The new NHS We are the NHS People Plan identifies the additional support we must give to staff from BME communities who now make up around one fifth of our workforce[86].

215. We refer to the importance of leadership in section 5. It must now be the responsibility of leaders to ensure teams have safe spaces to rest and recuperate, that wellbeing guardians are available and that the leadership culture in organisations embraces the need to support the physical and mental wellbeing of staff.

216. We welcome the investment in training places for priority areas such as mental health, nursing and cancer and the return to practice programmes that HEE will deliver. We also need to retain more staff by deploying more flexible and varied roles and by providing a more flexible approach to learning and development, which takes more account of the needs of individuals.

217. In line with the NHS WE are the NHS People Plan, conversations about health and wellbeing may in future become an essential part of appraisal, job planning or one-to-one line management discussions. We should not underestimate the difficulties some of these conversations may pose and it is essential that line managers are skilled in enabling them to have these supportive conversations with staff. The 2019/20 Oversight Framework[87] does not mention measurement of health and wellbeing, yet line managers will need a reference frame to work within.

218. These discussions must also include flexible working - and the plan contains eleven actions under this heading. The arrangement of working hours to meet demand for services and the deployment of staff is crucially dependent on the workforce profile and capacity. We have already said that the plan comes with no new resources, which remains a key concern.

219. The Nuffield Trust reports[88] that we rank in the bottom third of 31 comparable countries when it comes to four of the six measures of healthcare capacity: capital spending, doctors per person, hospital beds per person and acute bed occupancy.

220. NHS leaders support the new people plan's focus on collaboration across health and social care, the need for more staff, and for existing staff to be looked after and to

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[86] NHS Workforce: Gov .UK
[87] NHS Oversight Framework: 2019/20: NHSEI
[88] Starting Position for NHS Risks: Nuffield Trust: July 2020

belong in a compassionate, inclusive, and innovative culture. However, too many of our staff are working under pressure caused by increasing patient demand and staff shortages. Consequently, too many conversations about health and wellbeing are prefaced by a request to work an extra shift above an already demanding role.

NHS reward packages

221. The pressures put on the NHS by the pandemic and its response has demonstrated the importance of staff engagement and the role total reward, in all its forms, can play in keeping engagement high.

222. Engaged workforces, where two-way responsive communication between employer and employee is normal, and where a responsive reward package has been designed around employee feedback, have responded to the challenges of the pandemic quickly. Not only have staff been flexible, they have also been innovative. In adversity, employer and staff needs have aligned in strengthening partnership working, which has delivered care to patients in extreme circumstances with continued high levels of professionalism.

223. Many HR practitioners we have spoken to see the challenge for the immediate future and the longer term as maintaining and strengthening this culture so that the NHS can cope effectively over the long recovery period from the pandemic.

224. The pandemic has increased public appreciation of the work of the NHS and created new interest in NHS careers. We described the developing economic and labour market situations in section 3 and said that many young people are being badly affected. NHS leaders believe it is vital that the NHS advertises the many career pathways available and works with local communities to encourage new talent into NHS professions. It is also important that staff already in the workforce feel they want to stay, rather than having to stay because job opportunities in a depressed labour market are reduced.

225. In response to our reward survey conducted this summer, just under half of the respondents said they were working collaboratively on reward with other employers in their area. NHS Employers believes that cooperation on total reward initiatives between employers in local health communities is growing in importance as an essential part of tackling recruitment and retention challenges.

226. Employers in local communities understand the demographics of their communities and are best placed to plan their workforce needs in both the short and longer term. The HR community has always advised us that competition among provider organisations using pay and reward as levers is not a sensible or sustainable

approach, as it only leads to unaffordable pay spirals. Pay is only one part of a bigger reward package and the other important elements need to be designed around the needs of staff in organisations and systems and aligned with service and workforce objectives.

227. In section 2 we report that many more staff are now at the top of their pay band. After 1 April 2021, all staff will be subject to ongoing appraisal of their performance. Staff progress through pay points in their pay band will be dependent on them meeting standards of performance set in their organisation and linked to operational objectives.

228. The HR community tell us that this is a challenge as well as an opportunity. Line managers need adequate support and training to give their staff appropriate feedback, support, and encouragement. They must feel confident in their role and be equipped to deal with sometimes challenging situations. Although appraisal has been developing in quantity and quality in the NHS, the introduction of this additional responsibility will need to continue to be managed carefully, sensitively and with pragmatism.

229. HR see one of the benefits as the opportunity to press ahead with creation of learning cultures in which conversations between staff and managers not only cover staff behaviours, but from day one focus on the development of knowledge and skills. This will in turn help progress career development at a pace, and in a way, that is right for both employer and employee.

230. We referred earlier to portfolio careers. Staff career development must be about identifying talent, including leadership talent, but it must also be about designing progression around the needs of individuals as their needs change during a lifetime. We will need to give line managers at all levels the tools and opportunities to confidently act as leaders. This cannot be achieved in the same timescale as the transactional changes in payroll and HR. We believe that the journey towards this important workforce goal, if managed appropriately, can be used to increase levels of staff engagement, motivation, and morale.

231. In the developing setting of high unemployment across wide parts of the UK economy, these developments demonstrate to local communities, and the public more widely, how the NHS is strengthening its position as a creator of highly skilled, qualified, and responsible employees who are proud of the high social value of the work they do.

232. In previous submissions, we have drawn the Pay Review Body's attention to the elements of the national terms and conditions which give employers the means to support staff to achieve a successful balance between work and their lives and

commitments outside of work. These include contractual allowances and terms and conditions that compare favourably with those provided elsewhere in the public and private sectors, including annual leave, sickness pay and leave, and pay for new parents.

233. Working with nationally agreed guidelines, employers also provide leave and pay when parents experience the death of a child, employment break schemes and flexible working arrangements, for example school-term working. These arrangements give employers and staff opportunities to make temporary changes to employment arrangements where there are ongoing or new caring responsibilities outside of work. Employers also provide parental leave and shared parental leave. During the pandemic, many staff have been working from home and employers are offering job shares where two or more individuals can collaborate to design working patterns around their needs.

234. There are also additional components of employers' reward packages:
    - Policies to ensure a healthy, motivated, and engaged workforce. Employers we have spoken to are working with third parties to offer access to apps such as Headspace to promote mental wellbeing. Many organisations run national campaigns such as Time to Talk to promote a culture of being open and supportive about mental health at work.
    - The public and corporations have recognised the need to protect the mental wellbeing of NHS staff and have been donating food products to support relaxation and managing stress, counselling, discounts, and priority access to supermarkets at specific times.
    - Employers are providing access to providers of financial services to support staff in establishing financial wellbeing. Some organisations are working with high street banks and credit unions. Employers are providing financial education tailored to the needs of staff such as new entrants, mid-life saving (for first homes, weddings etc) and preparing to retire. The NHS Pension Scheme features in these discussions, including involving younger staff to ensure they can plan responsibly for their future.
    - The buying and selling of annual leave remains a popular element of the reward package. More organisations offer buying annual leave than selling. Those offering both recognise the significant impact this can have on work-life balance and financial wellbeing.
    - The 2016 Autumn Statement introduced tax-free childcare from 28 April 2017, but also confirmed that existing employer-supported childcare schemes were able to accept new entrants until October 2018. Some organisations are continuing with their schemes while others have terminated schemes. Some organisations offer salary sacrifice options for the provision of on-site nursery care.

- Organisations continue to offer salary sacrifice options for their staff. These schemes are also becoming more aligned to green and sustainability strategies, for example with removal of the cap on bicycle costs and the addition of electric cars.

Communicating reward

235. The NHS, like most other employers across the labour market, has embraced Zoom and MS Teams. These platforms promote two-way communication and are being used by employers to obtain staff feedback on reward and have also been used for patient services and for the workforce. Employers have found these invaluable in ensuring staff continue to feel supported, safe, and valued at work.

236. Employers make use of social media including Facebook and Twitter to engage with staff on their reward offer. Apps can be made available on phones giving easy access to staff who cannot use laptops at work.

237. Employers are using web and email communication in combination with face- to-face communication.

238. Other communication channels include:
    - benefits champions, who are staff who volunteer to support the communication of the reward offer across the trust and obtain feedback on reward from staff.
    - workshops, to help staff understand the value of the NHS Pension Scheme as a key part of financial wellbeing
    - benefits roadshows, celebration events, engagement and listening events, information sessions
    - benefits handbooks, posters, and leaflets
    - line managers, who are best placed to identify the needs of individuals in their teams.

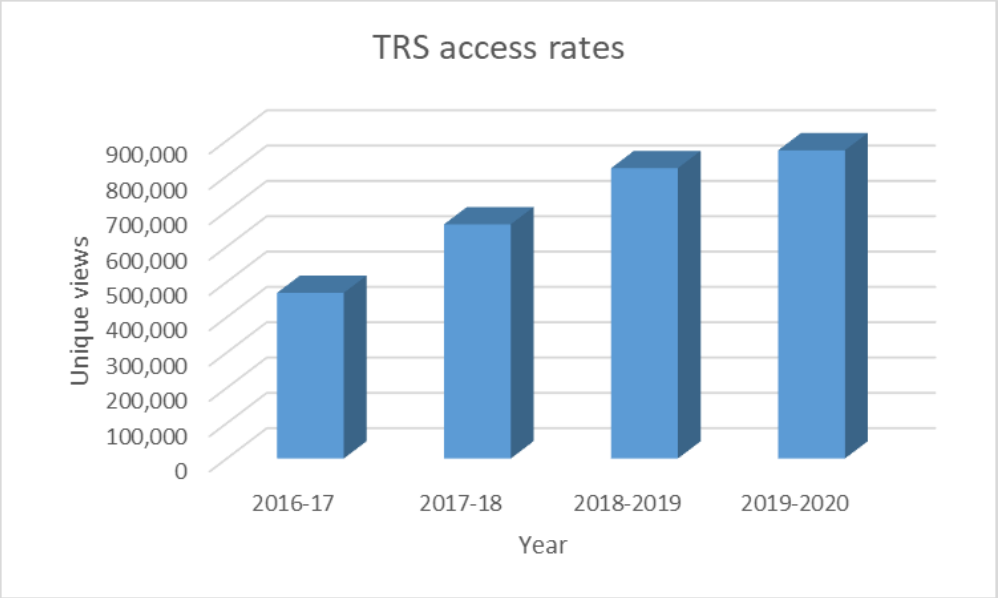
Total Reward Statements

239. Total Reward Statements (TRS) enable employers to demonstrate the value of the total reward package, including the NHS Pension Scheme.

240. 2019/20 was the sixth year of operation of Total Reward Statements in the NHS. Communications by employers, NHS Employers, the Business Services Authority,

and other national stakeholders have helped to increase take up.

241. At the end of August 2019, around 821,917 members had viewed their statements, whereas at the August 2020 refresh, around 872,401 members had viewed their statement, an increase of around 5 per cent.



242. While the TRS access rate may be considered low across the service, we know that employers regularly engage with and use local benefits templates to communicate their local reward offer to their staff, but more needs to be done. Research by IES[89] has indicated that staff who fully understand the content and value of their total reward package also develop a greater appreciation of it.

The NHS Pension Scheme

243. On 1 April 2015, the NHS Pension Scheme was introduced. This replaced the 1995 and 2008 sections (except where individual transitional protections applied) which were closed to future accruals. The 2015 scheme is a career average revalued earnings (CARE) defined benefits scheme. It pays a pension based on the average of a member's pensionable earnings throughout their career, revalued in line with the Consumer Prices Index plus 1.5 per cent per annum.

[89] The Relationship Between Total Reward and Engagement: IES for NHS Employers: May 2016

Member contributions

244. Members of the NHS Pension Scheme pay contributions on a tiered basis, designed to collect a total yield to HM Treasury of 9.8 per cent of total pensionable pay. The employee contribution rates are in the table below.

Tier	Pensionable pay (whole-time equivalent)	Contribution rate from 2015/16 to 2021/22
1	Up to £15,431.99	5.0 per cent
2	£15,432.00 to £21,477.99	5.6 per cent
3	£21,478.00 to £26,823.99	7.1 per cent
4	£26,824.00 to £47,845.99	9.3 per cent
5	£47,846.00 to £70,630.99	12.5 per cent
6	£70,631.00 to £111,376.99	13.5 per cent
7	£111,377.00 and over	14.5 per cent

245. Employee contributions are currently under review by the NHS Pension Scheme Advisory Board, and any changes are likely to be implemented with effect from 1 April 2022 to coincide with the end of the remedy period for the age discrimination ruling in public sector pension schemes. The board's recommendations to date include:

- determining employee contributions based on actual pay, to better reflect career average revalued earnings accrual
- avoiding 'cliff edges' where a pay increase forces an individual into the next contribution tier, sometimes leading to a reduction in take-home pay
- exploring ways to minimise opt outs.

Employer contributions

246. The employer contribution rate for both the 2015 NHS Pension Scheme and the 1995/2008 NHS Pension Scheme increased to 20.6 per cent of pensionable pay from 1 April 2019. This rate was determined by the funding methodology applied by the scheme actuaries during the 2016 scheme valuation[90].

247. The employer contribution rate for both the 2015 NHS Pension Scheme and the 1995/2008 NHS Pension Scheme increased to 20.6 per cent of pensionable pay from 1 April 2019. This rate was determined by the funding methodology applied by the scheme actuaries during the 2016 scheme valuation[91].

248. Employers pay a scheme administration levy equal to 0.08 per cent of pensionable pay in addition to the standard employer contribution rate. In 2019/20 and 2020/21, NHS England and Improvement covered the additional employer's pension contribution of 6.3 per cent for employers receiving funding from NHS England and Improvement budgets or from the NHS, to deliver NHS services.

Age discrimination ruling in public sector pension schemes

249. In December 2018, the Court of Appeal ruled that the transitional protection given to older members of the judges' and firefighters' pension schemes, during the 2015 scheme reforms, gave rise to unlawful discrimination on the grounds of age. The transitional protections allowed members who were close to retirement age at the time of the reforms to stay in the final salary schemes until retirement, or to delay moving to the new career average schemes. The government sought permission from the Supreme Court to appeal the ruling, but this was denied.

250. It was confirmed that the ruling applies to all public service pension schemes, including the NHS Pension Scheme. The government is required to introduce a remedy to compensate affected members for any loss. HM Treasury (HMT) published its consultation to gather views on proposed remedy options on 16 July 2020.

251. The consultation suggested that affected members will be given a choice of whether they receive benefits from their legacy scheme (1995/2008) or from the reformed (2015) scheme for the remedy period. The remedy period will be between 1 April 2015 and 31 March 2022.The consultation outlines two options for when this decision is made: immediate choice or deferred choice underpin. It is proposed that all

[90] Government Actuaries Department: NHS Pension Scheme: Actuarial Valuation 31 March 2016
[91] Government Actuaries Department: NHS Pension Scheme: Actuarial Valuation 31 March 2016

members would move to the 2015 scheme on 1 April 2022.

252. We responded to the consultation on behalf of employers[92]. Implementing an appropriate remedy will be a complex exercise that will need to be carefully communicated to staff and employers.

Pension taxation

253. We reported in our evidence to the pay review bodies in the last few years on the impact of the annual allowance and lifetime allowance pension tax limits. Previously, very few NHS workers were likely to exceed the tax thresholds, but changes in recent years, and the introduction of the tapered annual allowance, have meant that more staff are likely to be impacted.

254. In our evidence last year, we reported that employers were particularly concerned about the impact on staff retention, with some employees requesting to reduce their hours, refusing additional work, taking early retirement, and avoiding promotions due to pension taxation. This was having an impact on workforce capacity, service delivery and patient care.

255. During the 2018/19 scheme year, 16,793 members (approximately 1 per cent of the total membership) breached the annual allowance and 1,500 members (approximately 0.1 per cent of the total membership) accrued benefits worth more than 100 per cent of the current lifetime allowance.

256. The most up-to-date information we have been given is below.

2019/2020	Volume	% of membership
Lifetime allowance breaches	1,841	0.11%
Exceeding annual allowance	16,405	0.95%

Total members contributing to the scheme in 2020	1,735,483

257. HM Treasury undertook a review of the annual allowance taper, and in the budget on 11 March 2020 it was announced that the income thresholds associated with the taper would each be increased by £90,000. From 6 April 2020, these now apply to

[92] Our Response to the HMT Pension Scheme Consultation - NHS Employers

those with a threshold income greater than £200,000 and whose adjusted income is greater than £240,000. Those with a total income of less than £200,000 will now not be impacted by the taper. These changes apply to staff groups across the NHS workforce, including those in clinical and non-clinical roles.

258. As we reported last year, employers were taking a range of mitigating actions to support those staff affected by pension tax. However, since the changes to the taper, some of these initiatives have now been withdrawn or reviewed. Employers tell us that some staff who had opted out for these reasons have now opted back into the scheme.

NHS Employers guidance

259. NHS Employers has published updated guidance[93] on the optional measures employers may implement to support staff still impacted by pension tax.

260. We have also produced an NHS Pension Scheme Annual Allowance (AA) and Tax Ready Reckoner[94] which is designed to help staff understand the benefits they are building up in the scheme and the annual allowance. The ready reckoner provides members of the NHS Pension Scheme with a broad insight into their AA position, including whether the tapered AA may apply to their circumstances. It also provides an estimated breakdown of the total annual cost of scheme membership and estimate how much their NHS pension is projected to increase by. The ready reckoner presents staff with a traffic light system to assess the potential risk of breaching their annual allowance. The purpose of the traffic light system is to highlight when an employee can have relative comfort in their position, or when they ought to be seeking independent financial advice. The tool looks at the 2020/21 tax year only.

261. We continue to produce resources to raise awareness and improve understanding of the annual and lifetime allowance, including the changes that were announced in the March 2020 Budget. We published a refreshed pension tax web section[95] in October 2020 to support employers and their staff.

Scheme flexibilities

262. The DHSC consulted on proposals to change the NHS Pension Scheme, to address the impact of pension taxation on NHS staff, organisations, and service delivery.

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[93] NHS Employers: Guidance on Pension Taxation
[94] Pension Tax Ready Reckoner - NHS Employers
[95] Pension Tax: NHS Employers

263. The proposals were designed to make the scheme more flexible, enabling members of the scheme to control the value of their pension growth. The DHSC sought views on the following proposals:

- Introduce a new flexible accrual option, which would allow senior clinicians to choose to build up a lower level of pension benefits and pay correspondingly lower employee contributions. The options available would range from almost zero to 100 per cent, in 10 per cent increments.
- Allow scheme members to phase their pensionable pay increases over a set period to avoid spikes in pensionable pay that can create annual allowance issues.
- Assess who pension scheme flexibilities should be available to.
- Improve scheme pays.
- Provide support and guidance for individuals.

264. In our response we said that while we broadly supported the introduction of flexibilities, we strongly believed that they should apply to all staff. We also included research from First Actuarial showing the relationship between extending flexibilities to all staff: higher participation rates in the NHS Pension Scheme, higher levels of staff retention and better patient care and service delivery.

265. In the Budget on 11 March 2020, it was confirmed that the government will no longer be pursuing pension flexibilities options for clinical staff following the consultation.

266. Our research suggests that lower earners may be caught between choosing to either be full members of the scheme, or not at all. Introducing a more flexible reward offer could help lower earners participate in the scheme and find the right balance between in-work affordability and having adequate savings in retirement.

267. As set out in the NHS We are the NHS: People Plan 2020/21: 'If we do not take radical action to become a flexible and modern employer in line with other sectors, we will continue to lose people entirely or see participation rates decline.'

268. We believe that greater flexibility for all staff will go some way to modernise the reward offer.

Flexible retirement

269. Flexible retirement is defined as flexibility regarding the age at which an employee retires, the length of time an employee takes to retire, or the nature or pattern of work in the lead-up to retirement.

270. Offering flexible retirement is one of the ways employers can attract and retain a diverse workforce across a range of settings. We have referred to the ways in which employers have responded to the pandemic by adapting working practices, much of this driven by innovative staff.

271. As so much of the NHS workforce has been placed under immense pressure by the pandemic, it may be that those staff nearing the end of their careers will wish to bring forward their retirement plans and employers will need to consider how increased access to flexible retirement could be used to mitigate this risk.

272. We have also reported how many professionals, who had previously retired from NHS service, registered an interest in returning to work to support the response to the pandemic and how employers are considering if more flexible forms of employment could help retain some of these.

273. Employers are considering if transfers to different wards or departments could help address stress and anxiety for staff who have borne the brunt of the intense demands the pandemic has caused.

Compensation scheme

274. NHS England and Improvement wrote[96] to local health leaders regarding pension tax arrangements in 2019/20 for all members of the NHS Pension Scheme who are in active clinical roles. NHS England and Improvement confirmed the use of the existing scheme pays option for annual allowance charges arising in 2019/20, which allows members to ask the NHS Pension Scheme to pay their annual allowance tax charge to HMRC on their behalf.

275. Normally, in return, the member's benefits in retirement would be reduced by a corresponding amount. However, where a clinician incurs this reduction because of using scheme pays, the employer will make an additional payment, equivalent to the reduced pension benefits, to the member on retirement.

276. NHSEI has confirmed this will be funded nationally and it will provide employers with financial support to ensure employers do not face additional costs because of this arrangement. NHS Employers has communicated the arrangements to employers so that they can make their staff aware.

[96] NHS England: Pensions Tax Annual Allowance 2019/20

Actuarial valuation 2016

277. The results of the 2016 actuarial valuation were published in February 2019. The valuation has two key objectives:
    - To assess the cost of benefits against the cost cap mechanism.
    - To set the required employer contribution rate from 1 April 2019 to 31 March 2023.

278. The valuation results showed that the cost of the benefits provided by the scheme has fallen to a point where scheme changes are required to bring scheme costs back in line with the cost cap. The fall in costs is predominantly due to pay increases and life expectancy improvements being lower than expected. Scheme changes are required to either improve member benefits or reduce member contributions.

279. The Scheme Advisory Board developed a recommendation for the DHSC on how the cost cap breach should be rectified. However, the current level of uncertainty around scheme costs due to the age discrimination ruling meant the cost cap process was paused. The government has announced that the pause of the cost control mechanism will be lifted, and the cost control element of the 2016 valuations process will now be completed. The costs of addressing the discrimination identified in the McCloud judgment will be included in this process and HM Treasury will set out in the directions the technical detail of how these costs should be considered in the cost control element of the valuation process.

Actuarial valuation 2020

280. The 2020 actuarial valuation will go ahead as expected with any changes due to be implemented in 2023. As a result of the cost cap breach, the government has asked the Government Actuary's Department to conduct a review of the cost control mechanism 'to check whether it is working as intended and delivering government's objective to protect taxpayers and workers from unforeseen changes in pension costs.' The review will conclude in time for the 2020 valuation.

COVID-19 response

281. The emergency legislation in response to COVID-19 enabled recently retired professional staff to re-join the workforce, through nationally and locally co-ordinated processes. The COVID-19 bill[97] suspended several rules that may have prevented staff from returning to the pension scheme. These included:

[97] COVID-19 Bill

- suspension of the 16-hour rule, which currently prevents staff who return to work after retirement from the 1995 NHS Pension Scheme from working more than 16 hours per week in the first four weeks after retirement
- suspension of abatement for special class status holders in the 1995 scheme
- suspension of the requirement for staff in the 2008 Section and 2015 NHS Pension Scheme, to reduce their pensionable pay by 10 per cent if they elect to draw down a portion of their benefits and continue working.

Scheme membership

282. Total membership of the NHS Pension Scheme is around 1.6m. The overall membership continues to rise, with membership levels increasing by 5.5 percentage points from October 2011 to July 2019. Shorter-term trends show an overall increase of 0.7 percentage points for the twelve-month period ending in July 2019 and an increase of 0.6 percentage points from April 2019 to July 2019.

						Headcount			
			% points change			% with pension contributions	% points change		
			Apr 19 - Jul 19	Jul 18 - Jul 19	Oct 11 - Jul 19	Jul 2019	Apr 19 -Jul 19	Jul 18 - Jul 19	Oct 11 -Jul 19
All	**1,095,189**	**91%**	**0.5%**	**1.0%**	**5.1%**	**90%**	**0.6%**	**0.7%**	**5.5%**
AfC Band									
1	24,439	83%	1.3%	1.0%	18.0%	81%	1.0%	0.5%	18.1%
2	151,875	90%	0.7%	2.0%	13.1%	89%	0.7%	1.7%	13.1%
3	125,342	91%	0.6%	1.5%	9.3%	90%	0.6%	1.4%	9.4%
4	84,175	91%	0.9%	1.4%	6.2%	90%	0.8%	1.1%	6.3%
5	197,367	89%	0.6%	1.5%	3.8%	89%	0.6%	1.0%	3.8%
6	180,409	92%	0.8%	0.7%	1.8%	92%	0.8%	0.3%	2.2%
7	102,500	93%	0.4%	0.3%	0.1%	93%	0.4%	0.0%	0.1%
8a	35,751	93%	0.3%	0.0%	-1.3%	93%	0.3%	-0.2%	-1.3%
8b	14,342	94%	0.3%	0.1%	-2.2%	93%	0.3%	-0.3%	-2.1%
8c	7,527	94%	0.2%	0.1%	-2.2%	93%	0.2%	-0.1%	-1.9%
8d	3,703	93%	0.4%	0.1%	-4.2%	92%	0.4%	-0.2%	-4.1%
9	1,419	93%	-0.1%	-0.8%	-4.1%	92%	0.0%	-0.8%	-4.2%

Table: Scheme membership trends (source ESR summary data July 2019). Data excludes doctors.

Opting out of the NHS Pension Scheme

283. The data below summarises the number of staff who chose to opt out of the NHS Pension Scheme from April 2019 to March 2020 and the reasons for opting out.

Month	Total	Affordability	Annual allowance/LTA	Contributing to another pension scheme	In receipt of a fixed or enhanced protection certificate	Other	Secured retirement income via other means	Temporary opt out due to other financial priorities	Would prefer not to say	No reason given	Number of joiners
Apr-19	8,076	2,789	354	1,541	69	90	423	2,544	51	215	33,264
May-19	12,741	4,620	405	2,027	48	202	808	4,226	98	307	47,673
Jun-19	11,972	4,259	488	1,834	51	197	756	4,166	82	139	33,905
Jul-19	14,262	5,311	539	2,119	54	145	957	4,907	82	148	34,404
Aug-19	12,416	4,368	461	1,966	39	136	777	4,481	66	122	38,621
Sep-19	11,521	3,953	490	2,020	41	135	688	4,056	47	91	57,431
Oct-19	12,000	3,780	564	1,994	29	87	768	4,616	28	134	45,518
Nov-19	9,932	3,324	494	1,690	20	50	551	3,712	17	74	49,863
Dec-19	6,950	2,216	304	1,222	13	34	414	2,689	11	47	31,522
Jan-20	7,849	2,232	323	1,700	38	29	485	2,985	6	51	32,675
Feb-20	6,819	1,919	233	1,555	18	21	384	2,641	6	42	33,185
Mar-20	8,051	2,675	251	1,801	16	23	453	2,761	12	59	38,773

Table: Monthly opt-out data and the reasons for opting out from April 2019 to March 2020. (Source: NHSBSA[98])

Providing financial education, guidance, and advice

284. As our evidence stated last year, our research with First Actuarial revealed a lack of understanding of the NHS Pension Scheme, pension taxation issues and pensions in general.

285. The changes to the annual allowance taper, combined with any scheme changes introduced to compensate those affected by the recent age discrimination case, will introduce more complexity and choice for scheme members. This strengthens the need for education, guidance, and advice, to ensure staff understand the value of the NHS Pension Scheme and can make well-informed decisions about their pension benefits.

286. Many employers run pension workshops and pre-retirement courses to help staff understand the value of the benefits provided by the NHS Pension Scheme. The sessions can be an effective way of encouraging staff to engage with their pension savings, and help staff appreciate the value of the scheme as part of their reward offer.

287. Employers are communicating the value of the NHS Pension Scheme using their staff intranet sites and Total Reward Statements, as well as increasingly using social media and electronic communications to reach staff who are not based in a single location. Employers are developing communication materials and using resources produced by NHS Employers to promote the value of the scheme during recruitment, such as posters and benefits brochures.

288. Employers told us they would like more online support for scheme members, such as tools to allow staff to model their retirement options and estimate their income, as well as education materials such as online webinars and training courses. Employers also suggested communication materials should be targeted at younger staff and new joiners to improve engagement with this part of the workforce.

[98] Pensions: NHSBSA

7. WORKFORCE SUPPLY

289. We need further investment in educational places, more flexibility in apprenticeships and an immigration policy that works for the health and care sector.

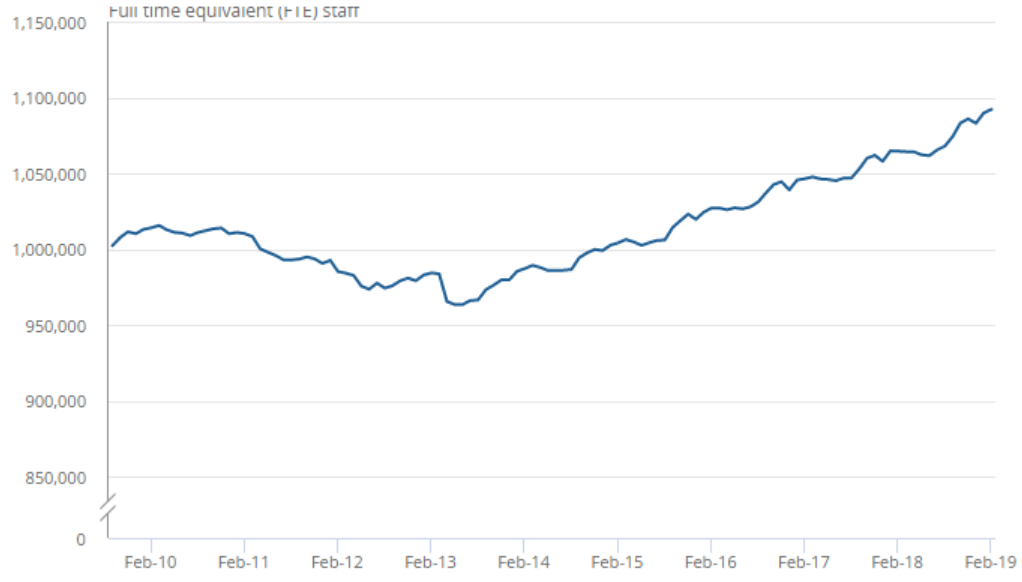
290. We need to increase the rate at which we are expanding the nursing workforce in health and social care. It will be several years before a student starting a nurse degree today becomes available on the wards or in the community.

291. There is concern among NHS leaders, including those on our policy board, that the current five-year funding settlement may not be sufficient to enable the NHS to recover performance and transform services.

292. Employers repeatedly tell us that staffing shortages are the biggest risks to delivering the NHS Long Term Plan. Workforce planning is the responsibility of DHSC, NHSEI, HEE, and the universities. NHS leaders tell us that these bodies must work together better, and more urgently, to produce an evidence-based and financially sustainable plan that supports the NHS Long Term Plan. Local leaders in new health and care systems, in trusts and other provider organisations must have more say earlier on in the workforce planning process.

Figure 3: NHS staff numbers have been increasing since 2013

NHS staff numbers (full-time equivalent), England, September 2009 to February 2019



Graph: The Kings Fund: NHS Vacancy rate: England 2017 to 2019:

293. This data from the Kings Fund shows how staff numbers have increased since September 2009 yet the vacancy rate remains high.

294. In response to our 2020 reward survey, some employers mentioned the following among a complex menu of reasons why they were finding it hard to fill workforce gaps:
    - Lack of training places being commissioned.
    - Lack of students studying towards certain professions.
    - Shortage of trained staff nationally.
    - Shortages due to local demographic and size of the organisation and being a specialty trust: lack of trained staff.

New NHS We are the NHS People Plan

295. NHS leaders advise us that there is much to be commended in the new NHS We are the NHS People Plan for 2020/21[99] . However, it is not seen by them as the long-term workforce blueprint that is needed. There is action on supply, for example training grants for nurses in some specialist fields, but there is no estimate of how many staff each route into nursing is expected to deliver and by when. The people plan is a much-needed response to the pandemic, identifying immediate actions that will address some key workforce issues in the short-to-medium term.

296. The plan NHS We are the NHS People Plan is designed to address the challenges to improve physical and mental health support for staff and builds on innovations driven by staff during the pandemic. It also sets out how the NHS can embed them:
    - Employers being open to flexible working arrangements in all clinical roles and non-clinical permanent roles. Flexible working should be covered in standard induction conversations for new starters and in annual appraisals. It should not require justification, and as far as possible should be offered regardless of role, team, organisation and grade.
    - Risk assessments for vulnerable staff including black and ethnic minority colleagues and acting on these where necessary.
    - Encouraging former staff to return to practice as part of a recruitment drive.
    - Boosting the mental health and cancer workforce, including offering training grants for 350 nurses to become cancer or chemotherapy specialists.
    - Working with universities to provide 5,000 more undergraduate places from September 2020 in nursing, midwifery, allied health professions and dental therapy and hygienist courses.
    - A new £10 million fund for clinical placements for nurses, midwives, and allied health professionals to support employers to provide their education and training.

[99] We are the NHS: People Plan for 2020/21 - Action for us All: NHS England: July 2020

297. Every NHS trust, foundation trust and clinical commissioning group must publish progress to ensure that at every level the workforce is representative of the overall black and ethnic minority workforce. There will also be a new quarterly staff survey to better track staff morale.

298. During the pandemic, messaging services like WhatsApp have been used to give information to patients. In future these will be used to link millions of primary care records to the latest data on COVID-19.

299. The remote verification of identity documents, which was introduced during the pandemic, is one of the measures employers tell us they want to retain. This has enabled them to bring new people into the workforce faster. We are continuing to work closely with the responsible national bodies to ensure lessons like this are learned and that new procedures can be utilised to improve recruitment processes.

300. When the NHS began moving into the recovery phase after the first wave of the pandemic, employers stepped up their recruitment campaigns and results from a survey held by Skills for Health[100] in June 2020 showed that 46.5 per cent of respondents planned to increase recruitment in the following six months. Employers have been using the latest communications technologies to carry out remote interviews and run virtual careers events to highlight the number and range of opportunities available. Earlier this year, the third phase of the We are the NHS recruitment campaign was launched, and we believe that the results are encouraging so far.

301. Public support for the NHS increased during the pandemic and employers and national stakeholders worked together to engage with and attract talent from their local communities. The NHS can be an important part of the economic recovery after the pandemic; as unemployment rises, employers tell us they are receiving applications from those who may not have previously considered a career in health. While these applications are welcome, some displaced workers do not have all the transferable skills required and training them will take time and resources.

302. Supported by NHS Employers, the Prince's Trust has launched a new programme to help bring 10,000 young people from all backgrounds into entry-level roles and apprenticeships in the NHS. Aimed at people aged 16 to 30, this pre-employment programme will provide opportunities to those who otherwise may not have considered a career in the NHS.

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[100] Skills for Health: COVID-19 Insights Impact on Workforce Skills (August 2020)

Nursing supply and placement capacity

303. The government has committed to 50,000 more nurses during this parliament and several initiatives have been announced to support this. To provide new opportunities to those who previously could not consider a nursing career, HEE has engaged seven universities to provide nurse degree courses which combine online educational materials, opportunities to engage with tutors online and traditional place-based tutorial/lecture methods. Students will have some control over time, place, path, and pace.

304. The return to practice initiative, launched in the early stages of the pandemic, has encouraged over 14,000 former nurses and midwives to join the NMC temporary register. Data taken from a survey of those on the temporary register in July 2020 shows that almost 50 per cent of these have indicated they would consider re-joining the permanent register[101]. Employers are now exploring opportunities to retain some of these staff and others who have left, through flexible working and retirement initiatives.

305. This year the number of applications for nursing degree courses increased by 15 per cent. Figures, published in August[102] by the Universities and Colleges Admissions Service (UCAS), showed that 24,330 nursing students have been placed onto courses in England, which is an increase of 5,000 (23 per cent) from 2019. Further places may become available through clearing. The figures also show a rise in the number of male applicants, mature students, and members of the BME community.

306. To support the increase in demand for student placements, HEE's Placement Expansion Programme will provide funding to support an additional 7,000 nursing and midwifery students from September 2020.

307. As part of the new maintenance grants for healthcare students introduced from September 2020, nursing degree students will now be entitled to an annual payment of £5,000, plus an additional £3,000 available for areas of need including learning disability and mental health nursing, or in regions struggling to recruit. The payments, which will not need to be repaid, could benefit more than 35,000 students. The challenge is to ensure a high percentage of these go on to make their careers in health and social care. We say more about this issue in section 5.

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[101] Analysis of the NMC COVID-19 Temporary Register: Nursing and Midwifery Council: July 2020
[102] UCAS Statistics on Placed Applicants: Council of Deans of Health

Nursing associates

308. Nursing associates provide employers with the opportunity to attract new talent into the NHS and to develop significant numbers of staff already in support worker roles. In March 2020, there were 1,693 qualified nursing associates registered with the NMC. This number is set to rise as 5,000 students began training for the role in 2018, and early indications are that around 40 per cent have expressed a desire to go on to become registered nurses[103].

309. In July 2020, the government reported[104] that applications to nursing courses in England had increased by 16 per cent based on information provided by UCAS. Compared to 2019, there were around 18,370 more nurses, midwives, and nursing associates on the NMC's permanent register to work in the UK. The number of people trained in the UK leaving the register has also fallen to a five-year low.

Mental health and learning disability nursing

310. Although the overall numbers of nurses in England has increased over the last decade, the number of learning disability nurses employed in hospital or community settings reduced by 38 per cent over the period September 2010 to September 2019.[105] Various initiatives have been introduced, such as targeting new training grants to specific groups of people and specialisms, including learning disability and mental health nursing, to encourage take up in these areas. This includes an extra payment for employers of £3,900 per apprentice as part of the package previously outlined to support nurse degree apprenticeships.

311. While we welcome the government's commitment to deliver 50,000 more nurses, it is unclear how many of these will be recruited to work within the areas of mental health and learning disability. The full impact of the pandemic upon people's mental health and wellbeing, both within the sector and the wider population, is still being realised, but the expectation is that demand for these services is likely to increase significantly. The report from the Public Accounts Committee into the NHS nursing workforce[106] recognises that the protection of the mental health and wellbeing of nurses who have been working during the pandemic is vital. Retaining these will involve providing access to specialised mental health support.

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[103] Trainee Nursing Associate Numbers: Health Education England: February 2019
[104] Government Press Release: Applicants to Nursing Courses: July 2020
[105] The NHS Nursing Workforce Summary
[106] Public Accounts Committee: NHS Nursing Workforce: September 2020

312. NHS Employers would support a review of the pay, conditions of service and career pathways for the various psychological professions. The terms on which these vital professionals are employed must be consistent with their roles and education requirements. We need multiple routes into these professions that allow training and qualification arrangements to be tailored to the needs of individuals and which provide development opportunities for existing healthcare support workers.

313. A recent report by the Nuffield Trust[107] suggests that an increased workforce is needed to deal with the increased demand for mental health services. The report discusses how changing child and adolescent mental health services contracts from block to outcomes-based payments could potentially incentivise improvements in mental health outcomes for young people. More recently, the emerging role of social prescribing and voluntary organisations in improving outcomes for young people with mental ill health has come into the spotlight, as research shows that mental health problems can be caused by social and environmental factors. Social prescribing and support services provided by non-medical organisations can play a key role in providing early interventions for young people who are at risk of developing mental health problems and their families.

Apprenticeships and T levels

314. Apprenticeships have been under pressure during the pandemic, with some programmes being paused to allow staff to be redeployed to support frontline services. During the summer, apprenticeships began to get back on track. The recovery of these programmes will bring much needed skills into the sector. In August, the government launched a new funding incentive available until 31 January 2021[108] to help with the recovery and uptake of apprenticeship programmes. Employers will receive £2,000 for each new apprentice they hire aged under 25, and £1,500 for each new apprentice aged 25 and over.

315. The first T Level programmes will be offered from September 2020, with health and healthcare science available from autumn 2021. Employers who have been involved in piloting T Level industry placements report on the value in these and the positives of having the opportunity to tap into groups of young people that may not have considered roles in the NHS. Employers we have spoken to say that a high proportion of the students who took part in the industry style placements have been supporting the employer during the pandemic through working on the bank or as volunteers, and this experience has further strengthened their desire to work in the

[107] Laying Foundations: The Nuffield Trust: October 2020
[108] Incentive Payments for Hiring a New Apprentice: UK Government: August 2020

NHS.

Overseas supply and international recruitment

316. While international recruitment can help meet supply gaps in the short-to-medium term, it is not a long-term solution to NHS staffing shortages. Employers are increasing domestic supply, as mentioned elsewhere in this evidence, but they are still reliant on overseas recruitment, particularly for the nursing workforce. The continuing recruitment of nurses from outside the European Economic Area (EEA) is essential to maintain and develop nurse staffing levels. For the second year running, we have seen a 15 per cent[109] increase in the number of people from outside the EEA on the NMC register, rising from 73,308 to 84,316 in March 2020.

317. Shortages of key staff groups exist in many countries and employers in the UK recognise that the NHS is part of the global healthcare community. There is competition between employers for scarce resources, particularly given the ongoing fight against the pandemic and the restriction on international travel. The full impact of the pandemic on international recruitment is unknown but poses a potential challenge that needs to be factored into workforce planning.

318. Some overseas staff quickly return to their home country, while others transfer to alternative employers with better reputations or in more desirable geographical locations. Nationally, work is ongoing to support international recruitment and overseas supply is a key component of the NHS We are the NHS People Plan[110]. Migration policy supports this aim and is in line with the government's commitment to deliver 50,000 more nurses during this parliament. We refer to induction programmes tailored to the needs of international recruits in section 5.

319. Co-ordinated international recruitment is becoming a key feature of this work, with providers working collaboratively to recruit staff for the local system and support them and their families to settle into the community. Developing a lead recruiter and system-level models will lead to improved efficiencies and save money.

320. NHS Employers is working with key stakeholders to further embed our international recruitment toolkit[111]. Launched last year, the toolkit features good examples of overseas recruitment and settlement practice and promotes ethical recruitment.

321. In September 2020, NHSEI wrote to directors of nursing and regional chief nurses outlining a new package of funding available to employers to expand sustainable and

[109] Registration Data Reports: Nursing and Midwifery Council: March 2020
[110] NHS We are the NHS People Plan 2020/21
[111] International Recruitment Toolkit, NHS Employers

ethical future nursing recruitment from overseas and support their arrival and induction. Support will also be offered to overseas trained nurses working in the NHS in non-registered nursing roles, to pass their Occupational English Test (OET) or International English Language Test (IELTS).

322. Arm's-length bodies and employers in the healthcare sector continue to highlight the challenges of hiring to key roles already on the shortage occupation list, and the importance of their continued presence on the list.

323. The list, reviewed in 2019 and 2020 (awaiting outcome) currently includes the following healthcare occupations:

- Nurses.
- Medical practitioners (all).
- Biological scientist and biochemist.
- Psychologists.
- Medical radiographers.
- Occupational therapists.
- Paramedics.
- Speech and language therapists.

324. NHS Employers and DHSC have worked with the Home Office to alter visa timescales/extend visas during the pandemic. The Home Office put in place temporary measures to extend the visas of all regulated healthcare professionals across the NHS and the independent sector. In a further move, which was welcomed by employers, the government announced in May 2020 that all health and care staff from overseas will no longer have to pay the immigration health surcharge that allows non-EEA nationals to use some services on the NHS without additional cost.

325. Restrictive immigration policy, particularly in relation to salary thresholds, and uncertainty around Brexit has made it hard for employers to recruit from overseas. However, the new points-based system, which will be launched fully in January 2021, will enable the NHS to attract and recruit medium to highly skilled individuals. Social care, on the other hand, will not benefit from the new system and this poses a great threat to their workforce supply and ability to maintain crucial services.

326. Employers remain concerned about shortages in social care and the knock-on effect for the health service. Concerns persist around support roles, particularly for social care, which continues to struggle with a high vacancy rate. Estimates from Skills for Care in its, 2019 report on the state of the adult social care sector[112] put this at 122,000 (7.8 per cent of the workforce) during 2018/19. When freedom of movement

[112] Skills for Care, The State of the Adult Social Care Sector and Workforce in England

ends from January 2021, the overseas supply of these key workers will end and the impact on both the social care and health workforce cannot be underestimated. We believe government should consider how staff from the EEA can continue to support the social care sector, and in turn the healthcare sector.

Brexit

327. NHS Employers is a founding member of the Cavendish Coalition, comprising 37 organisations that represent employers and staff in the UK health and social care sector. The coalition is an authoritative voice on the impact of Brexit on workforce supply. It gives those leading the Brexit negotiations expert input on the issues affecting the health and social care workforce.

328. Since the June 2016 referendum, NHS Employers, together with NHS Providers and The Shelford Group, have surveyed NHS organisations quarterly on the impact of Brexit on the workforce. Most recent 2019 data[113] shows that 22 per cent of employers said it will have a negative impact.

329. The impact of Brexit remains a concern for nursing. Since the EU referendum, nurses and health visitors are the only staff groups to report a fall in the number of recorded EU nationals, from 7.4 per cent of the workforce in 2016 to 6 per cent in January 2020. In stark contrast to the number of people coming from outside the EEA, there has been a large drop in new joiners coming from within the EEA, from 19 per cent in 2015-16 to just 6.4 per cent in 2019. In March 2020, there were a further 1,650 (5 per cent) fewer people from within the EEA on the NMC register than in the previous year[114].

330. In addition to the NHS requirement to be able to attract and retain colleagues from outside the UK, the Skills for Care report shows that in adult social care in England the workforce consists of 1.62 million jobs, of which 115,000 (8 per cent) are undertaken by EU nationals. Over 1.2 million jobs (76 per cent) are direct care roles, which includes jobs such as senior care worker, care worker, community support and outreach workers.

331. The projected growth of the population aged 75 and over shows that by 2035, the number of additional health and social care jobs needed could rise by around 800,000. The UK labour market will not be able to meet the growth in demand and the ability to recruit from outside of the United Kingdom will be essential.

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[113] Cavendish Coalition, Workforce Survey, November 2019

[114] Registration Data Reports: Nursing and Midwifery Council: March 2020

332. The Cavendish Coalition members continue to highlight the potential damage the future points-based system will do to the care system. Without the ability to source from overseas, many social care providers will struggle to provide services, and this will have a direct impact on demand for NHS services and the wider integration agenda.

EU settlement scheme

333. The NHS was involved in testing of the application process before the official launch in January 2019. Since the scheme's launch, employers have been encouraging EU staff to apply and, up to 31 July 2020, the total number of applications received was 3,805,200. Overall, the total number of applications concluded up to 31 July 2020 was 3,592,800[115].

334. The Home Office is launching a campaign designed to further raise awareness of the scheme and encourage applications. Functionality on ESR, which became operational in September 2020, means that trusts will be able to compare settled status fields with EU nationality status and identify those left to apply.

335. Individuals here in the UK by 31 December 2020 can apply to the scheme for pre-settled or settled status and have until 31 June 2021 to do so. NHS Employers will continue to work with trusts and stakeholders to ensure eligible EU citizens apply.

336. The NHS faces challenges linked to how it overcomes some long-standing workforce supply issues and delivers health and social care differently within our communities in the future. Alongside the introduction of policies designed to increase the skills base within the UK, such as the apprenticeship levy and immigration skills charge, NHS leaders are exploring what can be done differently to enhance and extend their local attraction and retention activity.

[115] EU Settlement Scheme Quarterly Statistics: Home Office: June 2020

8. TRANSFORMATION CHALLENGES

337. Staff should be at the heart of transforming services in the NHS and successful engagement, locally and nationally, will be essential if changes are to be sustainable in the long term.

338. The NHS Long Term Plan[116] set out a vision of integrated working across the health system and between health and social care. The aim is to integrate primary and social care, physical and mental health services, and health and social care. This is to be achieved by integrating teams of GPs and community health and social care staff. Teams in neighbouring GP practices will work together with local NHS, social care, and voluntary services. Flexible teams will work across primary care and local hospitals to meet the health and care needs of the local community with inputs from GPs, allied health professionals, district nurses, mental health nurses, therapists, and a range of professionals in reablement teams.

339. The NHS Confederation's NHS Reset campaign reflects the widely held view, including among NHS leaders, that restoring the NHS to a pre-pandemic status quo would be to waste the huge amount of energy, ingenuity and creativity generated by clinicians and managers in response to the pandemic. The pandemic, and the NHS response to it, should inspire new and innovative ways of working to secure lasting and sustainable changes to the planning and delivery of care.

340. The challenge is to do this while routine work is stepped up, at the same time as the NHS manages ongoing COVID-19 cases. There is also likely to be a delayed surge in demand as the result of patients not presenting at GPs or A&E and as screening programmes are stepped up.

341. The NHS Reset report[117] said that any reset must create a model for the NHS that supports integration, partnership working and cooperation between health and care services. However, there is still some uncertainty about how systems should operate and how they should be underpinned by legislation. To date, the role of systems has been limited by uncertainty about their form and function and they have developed within a policy framework that focused on competition rather than collaboration.

342. However, financial allocations for the second half of 2020/21 were made to local systems, adjusted through incentives and penalties to system-level performance in

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[116] NHS Long Term Plan: NHS England and NHS Improvement:
[117] NHS Reset: NHS Confederation

restoring elective capability. In making this change, NHSEI said it expected all organisations to work together to ensure that resources are used to deliver maximum benefit for patients across the whole system.

343. The NHS Reset report argues that a future model of system working must be underpinned by the right financial framework. This must recognise that to foster collaboration within systems, commissioning needs to move away from transactional relationships (such as those created through payment by results) and towards an approach based on shared incentives, risk-sharing, and evaluation based on outcomes rather than activity.

Transformation and workforce

344. New joint working will allow teams of health and care professionals to focus on supporting people with complex health and care needs to manage their chronic conditions. We hope this will result in more opportunities for staff to move between acute, primary, and social care. This flexibility to work with and between different health and care sectors needs to be reflected in the way the NHS employs its staff and in new approaches to career planning.

345. Requiring staff to repeat basic training when moving between care sectors is inefficient compared with having accredited training schemes. Yet, we will also need to consider what the publicly funded health and social care system's offer is to staff, and whether this involves guaranteed and consistent levels of pay, training, and easy transfer of training between roles, jobs, and locations.

346. Staff have shown great flexibility by adapting their working hours and practices, taking on different roles in different locations, changing job plans and pausing academic and CPD activity. It has also been a very stressful time for many staff and the full impact on health and wellbeing may not become apparent until the worst of the crisis is over. Staff may wish to go back to their normal roles, or they may wish to change their normal working patterns, roles, and responsibilities.

347. On the other hand, organisations might want to make permanent changes to jobs and rotas. For example, more work scheduled at evenings and weekends, revised on-call arrangements, and other employment terms.

348. We will therefore need to work closely with national and local staff side representatives to balance the wish to reset the planning and delivery of services, with the wish of staff to reset their working and professional lives and how they are supported, developed, recognised, and rewarded.

349. Points noted so far in the NHS Confederation's conversations with the NHS:

- The need for terms and conditions of service that provide flexibility for employers to plan and deliver services effectively and to deploy and reward staff fairly.
- A set of contingency arrangements for staff in 2018 pay and conditions of service contracts, which can be easily adapted/introduced if there is a repeat of the pandemic.
- Renewed focus on the total reward offer, which demonstrates the value and importance of staff and which supports recruitment and retention. For example, we saw the positive impact of the suspension of car parking charges for staff.
- Engagement with employers on long-term pay and reward strategies to underpin a programme of recovery, restoration, and reform.
- Commitment to empowering staff and giving them voice by learning from the public health/occupational health lessons related to the deployment of potentially vulnerable staff (particularly BME staff) in certain roles and situations where they might be at risk.

350. The NHS Long Term Plan places a stronger emphasis on the role of ICSs in workforce planning locally. It is likely that in future, systems will increasingly look to resolve workforce challenges collaboratively with partners within their system and across other systems. Our discussions to date have largely been centred around the needs and capacity of individual employers. In future, we will have to consider the role of systems in ensuring that the right staff, with the right skills, are in the right place to meet the evolving needs of their patients.