# NHS trade unions working together to improve NHS pay

# Staff Side Evidence to the NHS Pay Review Body 2018-19[1]

## Summary and recommendations

The value of the Agenda for Change pay framework has diminished significantly over the last seven years, with NHS staff suffering a real terms fall in earnings of between 10 and 20%. There is now a consensus across most political parties, economists and NHS employer bodies that the pay cap must be lifted. NHS staff must be awarded a meaningful pay rise which starts to restore lost earnings, keeps up with the ever rising cost of living and enables the recruitment and retention of a highly skilled and motivated workforce.

We are calling for a fully funded UK-wide pay settlement which will:

1) Enable NHS staff to keep up with costs by matching RPI inflation
2) Start to restore pay lost during the years of austerity, giving a consolidated sum of £800 to all
3) Invest in improving the NHS pay structure, making it better able to support workforce productivity improvements

These proposals were clearly set out in a joint staff side letter to the Chancellor of the Exchequer in September 2017 (see appendix).

The principles underpinning this three-part claim are that sufficient additional funding should be provided by Government with spending spread between real pay uplifts, restorative awards, and funding a restructure in line with the NHS trade unions' preferred pay system.

The NHS trade unions have commissioned an independent body to cost our claim for 2018-19. Incomes Data Research demonstrate that the claim would cost approximately £2.2 billion, an increase of approximately 6.3% to the non-medical paybill. We believe this is a necessary investment to ensure that the current staffing crisis does not deteriorate even further. The trade unions believe that the key intervention that can be made to retain staff in the NHS is a fair pay rise.

[1] British Association of Occupational Therapists, British Dietetic Association, British and Irish Orthoptic Society, Chartered Society of Physiotherapy, Federation of Clinical Scientists, GMB, Royal College of Midwives, Royal College of Nursing, Society of Chiropodists and Podiatrists, Society of Radiographers, UCATT, Unison, Unite.

*"Those staff who have had to put up with successive years of pay restraint need to be recompensed for the sacrifice they have made. The NHS staff is its biggest asset, why don't the government treat them like they should?*

**Band 6 dietician, East of England**

*"We are being told to live within our means but we have effectively had a year on year pay cut since 2010. If I was paid properly, in line with inflation since 2010, I could live within my means instead of having to struggle to survive. The struggle to survive creates depression and depression creates more workload for the NHS. Getting a proper pay rise would ease the burden of day to day struggling, not just for myself but, for many people."*

**Band 2 ancillary staff, Cymru/Wales**

*Pay rates in England, Scotland and Northern Ireland are all different even though we all do the same jobs. We should all be valued and paid the same rate. I love my job but sometimes I wish I could leave."*

**Band 5 community nurse, Northern Ireland**

*"The ambulance service is the UK's safety net. When all else fails we catch everything that's fallen from others grasps. This safety net is tired. Tired, over worked and under paid. Morale is low and running on empty - you must act now because I like many more are looking to leave this profession in search of better pay for the work we actually do. The current staffing crisis is about to get a lot worse, you've been warned act now or that safety net is going to snap."*

**Band 4 ambulance staff, London**

*"If there was a pay rise above inflation given to NHS staff, then I would feel better in that I could support my family. I could buy my children their school uniforms without having to save every penny I have. I even may be able to treat my kids to a day out someplace or replace the kitchen that is falling to bits without having to worry about what we would have to go without to afford it."*

**Band 6 health care scientist, Scotland**

## The Staff Side Claim for 2018-19

1.1 The staff side claim has been developed through detailed analysis of AfC salary and earnings trends, private and public sector earnings trends and inflation data. We have also drawn on union membership surveys as well as intelligence and feedback from local and regional union representatives. The claim, which has been discussed and approved by the whole of the staff side, including officers and lay members, makes clear that each pay point, in each of the four UK countries, should be uplifted in line with the following three principles.

**a) Enable NHS staff to keep up with costs by matching RPI inflation**

An inflationary percentage should be applied to each pay point. The staff side believes that the Retail Prices Index (RPI) remains the most accurate measure of inflation faced by employees. Our reasons for continued use of RPI are detailed below.

We have assumed an inflation rate of 3.5% at 1 April 2018. This is based on forecasts for RPI inflation for the year to February 2018 (as of September 2017). The February RPI figure will be released in March and as such will be the extant figure on 1 April 2018.

**b) Restore pay lost during the years of austerity, giving a consolidated sum of £800 to all**

On those resulting pay points after the RPI uplift, an additional consolidated amount of £800 should be added. This does not restore the value of the pay lost but represents what we believe to be a fair down payment, starting to reverse the erosion of the value of NHS pay.

This addition provides the final consolidated salary for that point for the pay year 2018/19.

For example, in England, the top of Band 5 - currently £28,746 - is increased by inflation (£1,006) then restoration (£800) giving a salary figure for 2018/19 of £30,552.

The £800 figure was chosen by the joint trade unions to complement and supplement the inflationary percentage figure. Any pay system with percentage increases becomes 'stretched' over time. All NHS staff deserve a pay increase in line with inflation, but the restorative element of our claim provides an opportunity to weight an element of the pay award to lower paid staff working in the NHS.

In 2014, the Institute for Fiscal Studies published a study which found that, between 2008 and 2013, the lowest income fifth of households faced average annual inflation that was 1% higher than the highest income fifth.[2]

This conclusion was bolstered later in the same year, when the Office for National Statistics found that, among the lowest-spending households, average annual inflation ran 1% higher than the highest-spending households between 2003 and 2013[3]. The cumulative result was that the prices of products purchased by the

[2] Institute for Fiscal Studies, IFS Green Budget 2014
[3] Office for National Statistics, Variation in the inflation experience of UK households: 2003-2014, December 2014

lowest-spending households grew by 45.5%, compared with just 31.2% for the highest-spending households.

### c) Invest in improving the NHS pay structure

The government should allocate additional funding to the NHS pay bill, in addition to the funding needed for pay increases, to ensure the pay structure remains fit for purpose.

For over two years NHS trade unions have been clear about our plan for improving the NHS pay structure:

- retaining the current top of each band as the full rate for the job
- reducing the length of time it takes to reach the top of the band
- increasing starting salaries in bands by getting rid of overlaps
- reforming the lowest grades to remove poverty pay from the NHS

The trade unions have sought constructive discussions with employers and Government on these issues, which led to joint NHS Staff Council work. Although the work ran on a slower track than originally envisaged, a number of joint principles were agreed and in September 2016 employers and trade unions submitted joint evidence to the NHS Pay Review Body round via the NHS Staff Council. There was an encouraging level of agreement between NHS Staff Council parties however, despite a continued willingness to engage from the trade union side, a lack of funding from Government to support this work meant discussions were postponed.

The need for additional funding is clear to all parties. That is why NHS trade unions have engaged with Government and NHS Employers following the announcement in the Autumn Budget 2017, and subsequent remit letter from the Department of Health in England to the NHS PRB, that HM Treasury would "provide additional funding for pay awards for staff employed under the national Agenda for Change contract provided the awards are part of an agreement with Agenda for Change trades unions about reforms to boost productivity."

NHS staff will not foot the bill for their own pay rise and, while individual trade unions will assess the outcome of the pay round via their own democratic decision making structures, all unions share a very clear policy on defending hard-fought terms and conditions.

We are also clear that much has been done by the workforce to sustain productive working in the NHS, particularly by working extra hours which are often unpaid.

However, if 'modernisation' means the Government finally taking our plans for pay reform seriously that is an avenue trade unions are keen to explore.

### RPI inflation

1.2 The most widely quoted figure for inflation in the media is the Consumer Prices Index, However, trade unions believe that CPI consistently understates the real level of inflation for the following reasons:

- CPI fails to adequately measure one of the main costs facing most households in the UK – housing. Almost two-thirds of housing in the UK is owner occupied, yet CPI almost entirely excludes the housing costs of people with a mortgage;

- CPI is less targeted on the experiences of the working population than RPI, since CPI covers non working groups excluded by RPI – most notably pensioner households where 75% of income is derived from state pensions and benefits, the top 4% of households by income and tourists;
- CPI is calculated using a flawed statistical technique that consistently under-estimates the actual cost of living rises faced by employees. The statistical arguments are set out exhaustively in the report "Consumer Prices in the UK" by former Treasury economic adviser Dr Mark Courtney[4]

1.3 The Royal Statistical Society has consistently stated that CPI was never intended as a measure of changes in costs facing households. Rather, it was "designed in the 1990s for macroeconomic purposes" and its purpose is to act "as the principal inflation indicator for the Bank of England in its interest-setting rate role." The Society sums up its position as follows:

"Why should the typical household accept an inflation index that: -

- fails to take account of, or does not track directly, one of their main expenditure items: mortgage payments and other costs of house purchase and renovation;
- gives more weight to the expenditure patterns of wealthier households than of other households;
- fails to take account of interest on loans for a wide variety of purposes, ranging from student loans to loans for car purchase;
- includes the expenditure of foreign tourists in the UK but not their own expenditure outside the UK;
- fails to include council tax."

1.4 Following recommendations made by the National Statistician last year, the Office for National Statistics (ONS) has now adopted the inflation measure CPIH as its "most comprehensive measure of inflation." However, the National Statistician also seemed to acknowledge that both CPI and CPIH fail to measure the real costs facing workers as the ONS was also instructed to develop a measure that addressed the Royal Statistical Society's concerns outlined above (this measure is not expected to be ready until later this year).

1.5 Though CPIH represents an improvement on CPI in attempting to incorporate housing costs, its measure of housing costs is based on treating all households as if they rented their accommodation. However, rents can follow sharply different trends to house prices, making this a dubious assumption. Furthermore, the other more significant flaws in CPI outlined above remain a feature of CPIH.

1.6 CPI is the figure quoted almost uniformly across the media, but RPI remains by far the most common reference point for pay negotiations. Incomes Data Research found in its 2016 Reward Intentions Survey that 75% of employers regard RPI as the "most relevant to making decisions on the level of pay award," compared to 53% for CPI, 5% for RPIJ and 3% for CPIH.

[4] www.unison.org.uk/content/uploads/2014/11/TowebFull-report-Consumer-Price-indices-in-the-UK2.pdf

## Challenges for implementation

1.7 Although the main aspects of this claim are understood and well supported by trade union members as well as the wider public[5] in its implementation the proposals are more detailed than evidence presented by trade unions in previous NHS PRB rounds.

1.8 This is because the NHS pay structure has been neglected. Many of the challenges at the bottom of the pay structure would simply not exist if pay had risen in line with inflation. Similarly, if pay in the most populous bands had increased in line with inflation then both entry rates and those at the top of the band would have remained competitive against comparable jobs.

1.9 In developing the claim, the trade unions have considered the overlapping and strongly related needs of both individual staff and the future of the service. If an insufficient pay award is made to staff at the top of the bands, the retention crisis will worsen. If action is not taken to improve starting salaries, the challenges in recruitment will not have been addressed.

1.10 The NHS trade unions retain their strongly held position that NHS pay rates should return to UK-wide levels. With the exception of Living Wage Foundation policy positions in Scotland and Wales there has been no strategic decision to vary pay or any PRB-recommended decision to do so. The variation is purely as a result of governments in different countries rejecting or implementing NHS PRB recommendations in particular years. NHS trade unions recognise the challenge in realigning pay scales through pay awards alone; the opportunity for broader pay reform might provide the best opportunity to align NHS pay across the UK in terms of both structure and values.

1.11 Balancing these issues is complicated and the NHS trade unions wish to participate fully in both supplementary and oral evidence rounds to provide the NHS PRB with more detail on possible options should that be required.

[5] www.rcm.org.uk/news-views-and-analysis/news/strong-public-support-for-nhs-staff-pay-rise-says-survey
ComRes survey is attached.

# 1. Economic context – pay and prices

**Pay settlements**

2.1 Pay settlements across the economy stand at 2.2%, which is well below the long-run median of between 3% and 3.5% that prevailed for over two decades until the 2008 economic crisis.

2.2 Median pay settlements in the private sector stand at 2.2%, which is almost 1% above that in the public sector. Private sector settlements have been running far in advance of the public sector since 2010.

2.3 The table to the right shows average settlements for further sectors that compete for similar types of worker as public services. Therefore, employers falling below relevant rates can expect damage to their ability to recruit and retain high quality staff.

The contrast between average pay settlements across sectors since 2010 is shown by the table below.

**Table 1: Average settlements, year to December 2017**

| Sector | Average pay settlements |
|---|---|
| Across economy | 2.2% |
| | |
| Private sector | 2.2% |
| Public sector | 1.3% |
| Not for profit | 1.5% |
| | |
| Energy & gas | 2.6% |
| Water & waste management | 2.0% |
| Retail & wholesale | 2.5% |
| Information & communication | 1.5% |
| Admin & support services | 2.2% |

*Source: Labour Research Department*

**Table 2: Average settlements 2010-2017**

| Year | Private | Public | Not for profit |
|---|---|---|---|
| **2010** | 2.0 | 0.4 | 1.0 |
| **2011** | 2.7 | 0.0 | 2.0 |
| **2012** | 2.8 | 0.0 | 1.8 |
| **2013** | 2.5 | 1.0 | 2.0 |
| **2014** | 2.5 | 1.0 | 2.0 |
| **2015** | 2.4 | 1.0 | 2.0 |
| **2016** | 2.0 | 1.0 | 1.5 |

The Bank of England forecasts that pay settlements in 2018 will cluster between 2.5% and 3.5%[6].

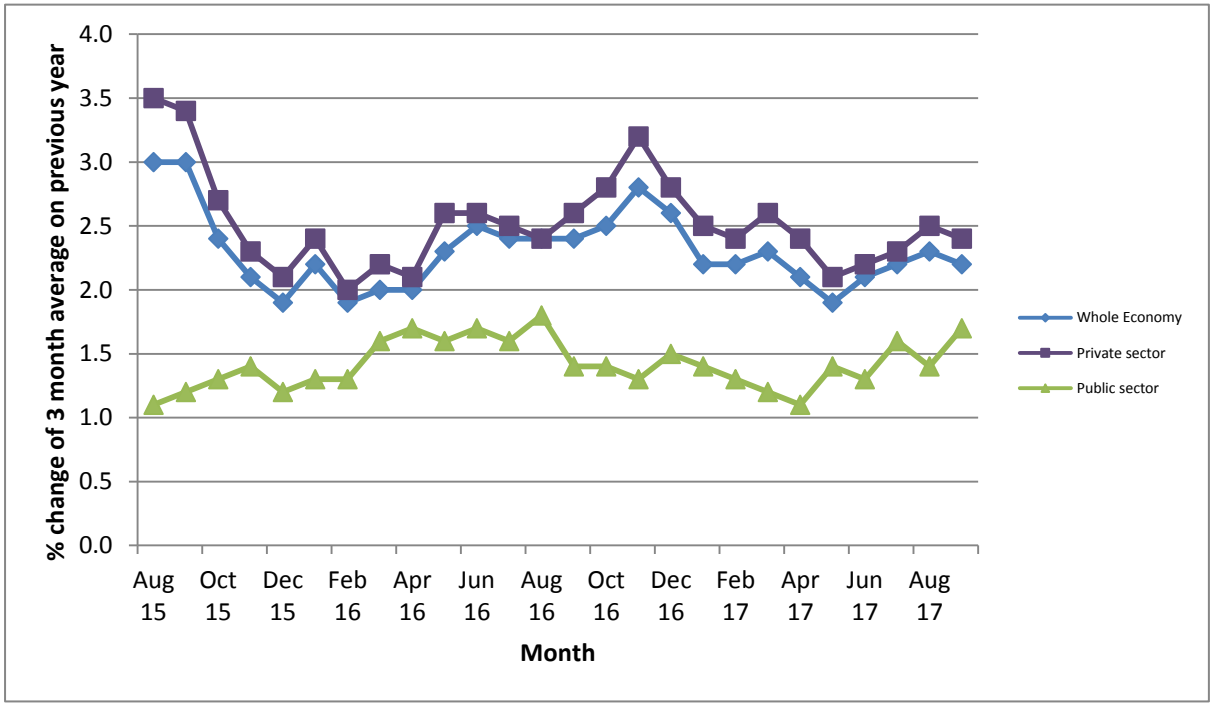
[6] Bank Of England, Agents' Summary Of Business Conditions, November 2017

## Average earnings

2.4 Chart 1 shows trends in average earnings growth over the last two years, which mirror pay settlements in showing the declining competitiveness of public sector wages. Since April 2013, private sector earnings growth has been running ahead of the public sector every month except two. In 2014, the private sector rate accelerated sharply while the public sector rate flattened out.

Though the gap narrowed going into 2016, a sharp divide remains, with the rate across the economy standing at 2.2% and private sector growth at 2.4%, while average public sector wages rose by 1.7% in September 2017.

**Chart 1: Average earnings growth 2015-2017**



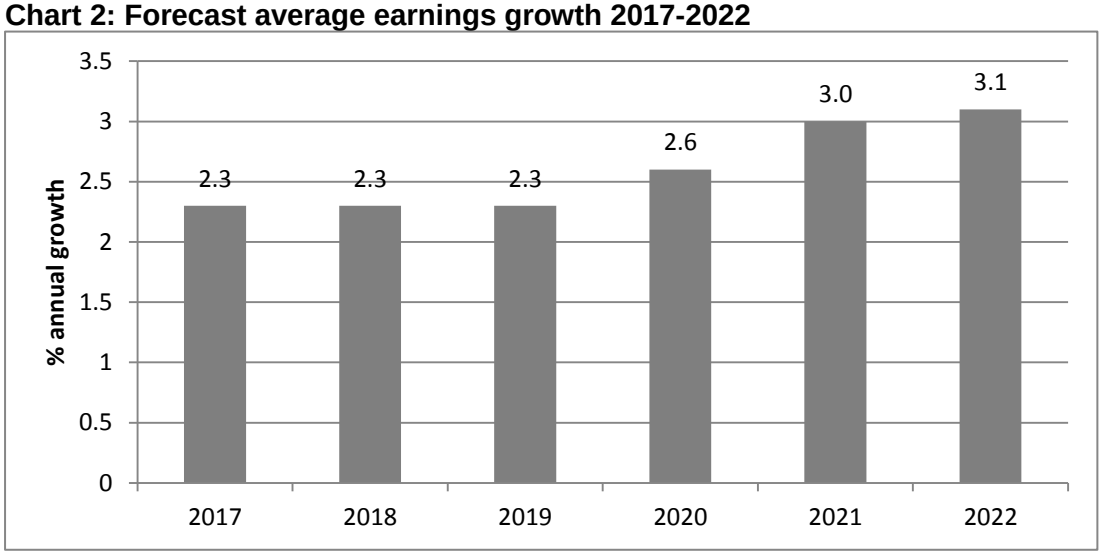

Source: Office for National Statistics, Labour Market Statistics, November 2017

2.5 Forecasts of average earnings predict that growth will average 2.3% between 2017 and 2019, before escalating every year to reach 3.1% by 2022, following the pattern shown below[7].

These predicted rates can again be used to show the pay increases needed for an employer to avoid slipping behind the going rate and suffering damage to recruitment and retention.

[7] Office for Budgetary Responsibility, Economic and Fiscal Outlook, November 2017

**Chart 2: Forecast average earnings growth 2017-2022**



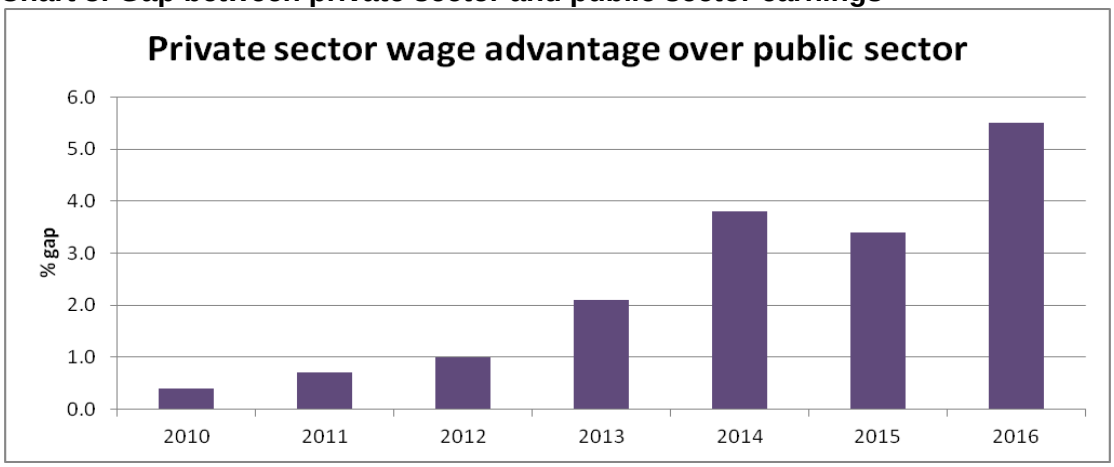

*Source: Office for Budget Responsibility*

**Comparisons between the public and private sectors**

2.6 The government and some commentators have sought to portray public sector workers as overpaid relative to private sector workers, regularly using average earnings as the basis for their assertions.

The claim is usually based on a crude comparison of average pay that does not take account of the different type of jobs in the public and private sector. The latest study by the Office for National Statistics has however, made a like-for-like comparison taking into account region, occupation, gender and job tenure. This found that the average public sector worker was paid 1% less than a private sector worker in 2016.[8] And if organisational size is taken as a factor in the comparison, the gap grows to 5.5% (the graph below shows how the differential calculated on this basis has favoured the private sector since 2010).

**Chart 3: Gap between private sector and public sector earnings**

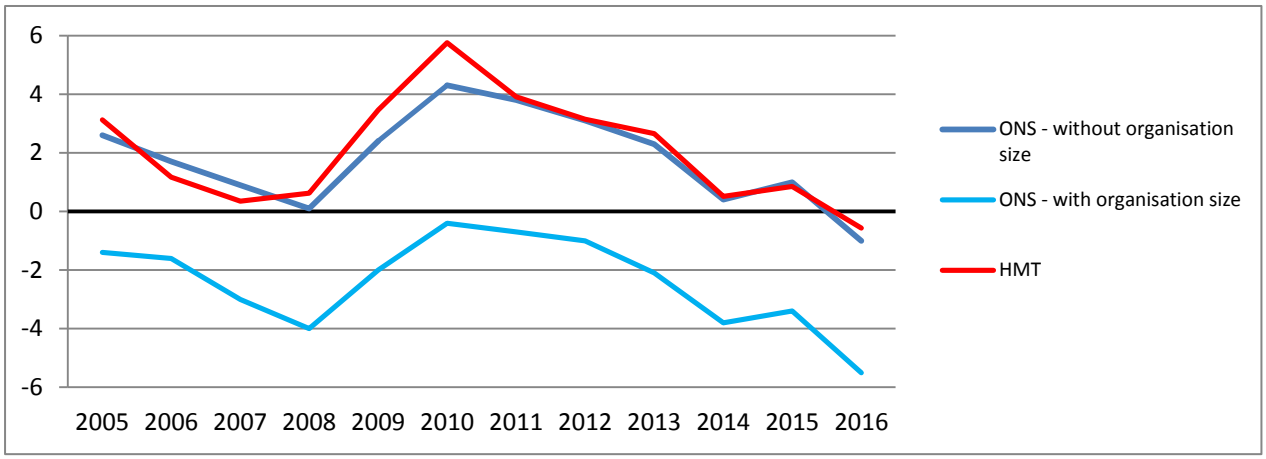



*Source: ONS, Analysis of factors affecting earnings using Annual Survey of Hours and Earnings: 2016*

[8] ONS, Analysis of factors affecting earnings using ASHE 2016, October 2016

2.7 Analysis from HM Treasury – which does not taken into account organisational size found that the differential was 0.6%.

**Chart 4: HMT and ONS estimates of the hourly public sector percentage pay differential**




*Sources: ONS, Analysis of factors affecting earnings using Annual Survey of Hours and Earnings: 2016*
*HMT, response to GMB Freedom of Information Act request*

2.8 Before public sector average earnings growth dropped well below the private sector rate in 2013, average earnings growth rates were also often used as a basis to argue that the public sector continues to see improvements in pay that are not matched by the private sector and particularly as a basis for attacking pay progression.

The flaw in these arguments is that the use of average earnings growth for comparisons does not simply reflect changes due to pay settlements and pay progression.

Changes in the average are affected by a multitude of factors that affect the composition of the public and private workforce. Any changes that swell the lower paid end of the workforce and/or reduce the proportion of higher paid employees, such as differences between the sectors in recruiting staff on part time or zero hours contracts, or redundancies that hit the most recent recruits hardest, will act as a downward pressure on the average.

The government's drive toward greater outsourcing in itself tends to lower private sector average earnings growth and raise public sector growth because of the marked tendency for outsourcing to focus on lower paid sections of the workforce.

Therefore, average earnings growth does not offer any kind of sound basis for judging actual changes in the pay packet of a worker in the public or private sector. Pay settlement data forms a much sounder basis for comparison as it eradicates the differences in workforce composition that affects average earnings growth comparisons.

**Comparators for changes in average earnings**

2.9 The Annual Survey of Hours and Earnings (ASHE) provides detailed data that can form useful comparators for changes in average earnings experienced by

NHS staff. The table below shows the change in median gross annual pay for full-time staff within the main job categories listed.

**Table 3: Annual earnings growth 2016/17**

| Job Type | Annual % change 2016/17 |
|---|---|
| **All employees** | 2.0 |
| **Managers, directors and senior officials** | 1.7 |
| **Professional occupations** | 1.0 |
| Science, research, engineering and technology professionals | 2.1 |
| Health professionals | 0.4 |
| Teaching and educational professionals | 0.2 |
| Business, media and public service professionals | 2.3 |
| **Associate professional and technical occupations** | 2.4 |
| Science, engineering and technology associate professionals | 1.4 |
| Health and social care associate professionals | 0.7 |
| Protective service occupations | 3.6 |
| Culture, media and sports occupations | 2.0 |
| Business and public service associate professionals | 2.2 |
| **Administrative and secretarial occupations** | 1.8 |
| Administrative occupations | 1.9 |
| Secretarial and related occupations | 1.7 |
| **Skilled trades occupations** | 1.6 |
| Skilled metal, electrical and electronic trades | 1.1 |
| Skilled construction and building trades | 1.9 |
| **Caring, leisure and other service occupations** | 2.3 |
| Caring personal service occupations | 2.1 |
| Leisure, travel and related personal service occupations | 3.0 |
| **Sales and customer service occupations** | 3.7 |
| Sales occupations | 3.5 |
| Customer service occupations | 3.6 |

*Source: Annual Survey of Hours and Earnings*

## Wider context for pay claims

### Labour market

2.10 The general unemployment rate has been in decline from a peak of 8.5% in 2011 to 4.3% over the three months to November 2017, bringing the rate to a 42-year low. Over the same period, the number of unemployed people per vacancy has fallen from 5.8 to 1.8.

Consequently, labour turnover rates are up to 19.4% across the economy[9] and just under half of employers are reporting that they are under significant pressure to

[9] XpertHR, Labour turnover rates 2017

raise wages for high and middle skilled roles[10]. However, unemployment rates are forecast to rise to 4.5% in 2018as growth slows to 1.4%[11].

**National Minimum Wage**

2.11 The legally enforceable National Minimum Wage sets the floor for any pay scale. The current minimum hourly rates and those scheduled to come into force from April 2018 are set out below.

**Table 4: National Minimum Wage Rates 2017, 2018**

| Category of staff | Rate from April 2017 | Rate from April 2018 |
|---|---|---|
| **Aged 25 and over** | £7.50 | £7.83 |
| **Aged 21 - 24** | £7.05 | £7.38 |
| **Aged 18 - 20** | £5.60 | £5.90 |
| **Aged 16 - 17** | £4.05 | £4.20 |
| **Apprentices** | £3.50 | £3.70 |

2.12 The introduction of these rates may have a knock-on effect for wages further up the pay scale in order to maintain differentials reflecting job evaluation ranking of roles.

The Office for Budgetary Responsibility's forecast for the top two rates until 2022 is set out below:

**Table 5: National Minimum Wage: Forecast rates 2019-2022**

| Category of staff | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Aged 25 and over** | £8.18 | £8.56 | £8.83 | £9.10 |
| **Aged 21 - 24** | £7.56 | £7.76 | £8.00 | £8.25 |

These forecasts are based on expected changes in average earnings and movement toward the government target for rates to reach 60% of the average earnings of staff aged 25 or over by 2020. However, they are just estimates and no changes come into force until new rates are announced by the government.

**Living Wage**

2.13 The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a "basic but acceptable" standard of living.[12]

The rates, announced annually by the Living Wage Foundation, are currently £8.75 an hour outside London and £10.20 an hour in London.

[10] CIPD, Labour Market Outlook, Autumn 2017
[11] HM Treasury, Forecasts for the UK Economy, November 2017
[12] Living Wage Foundation

Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now over 3,500 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the largest private companies in the UK, such as Barclays, HSBC, IKEA and Lidl.

Across the public sector, the Scotland government has established the Living Wage within all its public sector organisations, minimum rates for NHS and Further Education College staff in Wales have been raised to the Living Wage and all UK universities have established the Living Wage rate (for staff on a 35-hour week) in the most recent pay settlements. Support staff in more than 12,000 schools across the UK are also set to be paid the Living Wage as a result of national agreements.

Furthermore, even where national agreements have not achieved a Living Wage settlement, a major proportion of individual councils, NHS trusts, schools and academies have taken up the Living Wage on their own initiative. A Freedom of Information survey covering local government, the NHS, universities, further education colleges and police authorities that drew over 900 responses found that 51% of employers across these sectors already pay at least the Living Wage to their lowest paid staff.

**Loss of earnings in the NHS**

> *"We have had 7 years of rising costs and less money. My quality of life has been terrible. Coming to work is horrible, everyone is miserable and management are terrible. All my bills keep going up and wages are in effect going down. If my son did not give me some money I couldn't afford to eat. When I add my monthly bills up it leaves nothing for food."*
>
> **Band 2 admin and clerical worker, North West England**

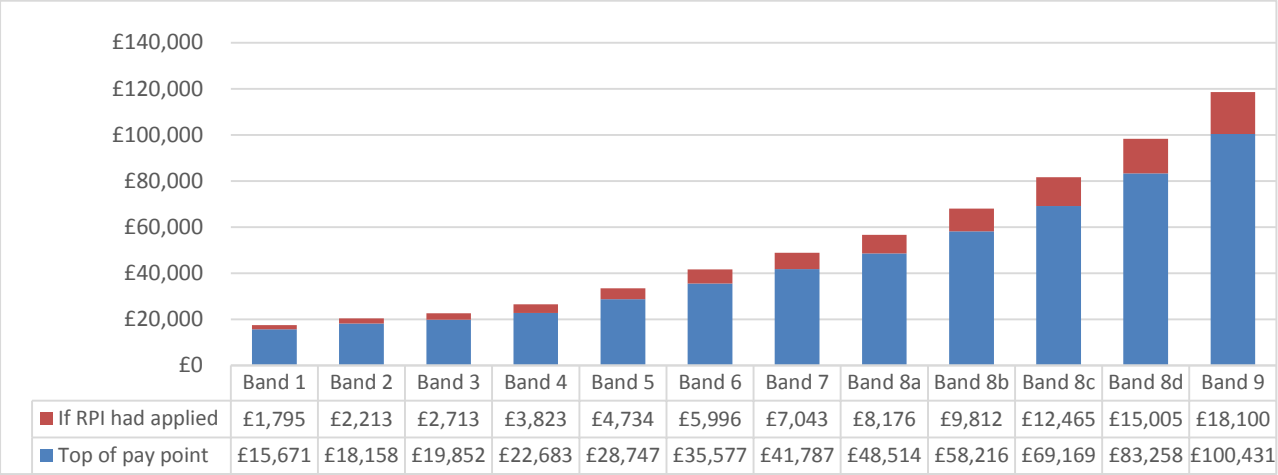
> *"I shop routinely in Aldi now because Tesco has become unaffordable. I am more careful with food and clothes shopping and go out less. I work very hard and have a lot of responsibilities compared to my peers who don't work in the NHS, but I have significantly less income than them – they work shorter hours, have less responsibility and will be able to retire sooner. 5-10 years ago I used to feel my salary was acceptable but not anymore.*
>
> *If I felt financially more rewarded I wouldn't be looking to retire at 55. There are no rewards to working in the NHS. Everyone says the pension is gold plated, but considering I will have worked full-time for 33 years by the time I am 55, I don't think my pension will reflect that."*
>
> **Band 6 Team Leader, West Midlands**

2.14 The value of the Agenda for Change pay framework has continued to diminish as NHS staff suffer cumulative real terms wage cuts. It is widely recognised that the current pay policy is unsustainable.

2.15 The following four charts set out the real terms losses for each AfC pay band due to pay restraint. While the size of loss varies across the four UK countries, all

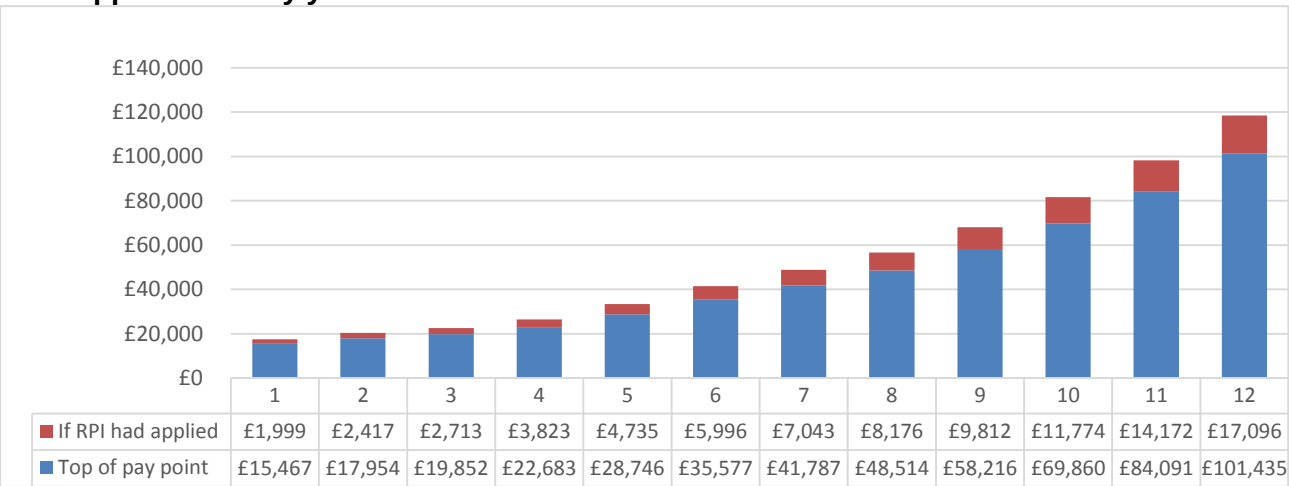
pay points have fallen behind costs. For example, the salary for a nurse at the top of Band 5 would have increased by £4,705 - £5,566 extra per year if RPI had been applied.

**Chart 5: Top point of each pay band in England, showing difference if RPI had been applied in every year since 2011/12**



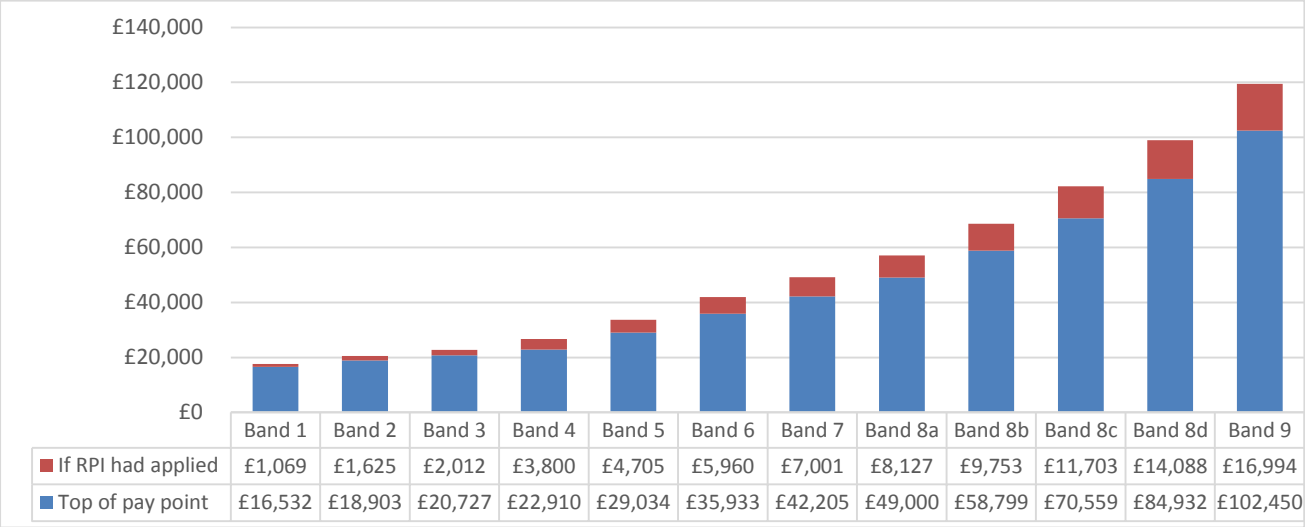

| | Band 1 | Band 2 | Band 3 | Band 4 | Band 5 | Band 6 | Band 7 | Band 8a | Band 8b | Band 8c | Band 8d | Band 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| If RPI had applied | £1,795 | £2,213 | £2,713 | £3,823 | £4,734 | £5,996 | £7,043 | £8,176 | £9,812 | £12,465 | £15,005 | £18,100 |
| Top of pay point | £15,671 | £18,158 | £19,852 | £22,683 | £28,747 | £35,577 | £41,787 | £48,514 | £58,216 | £69,169 | £83,258 | £100,431 |

**Chart 6: Top point of each pay band in Wales, showing difference if RPI had been applied in every year since 2011/12**



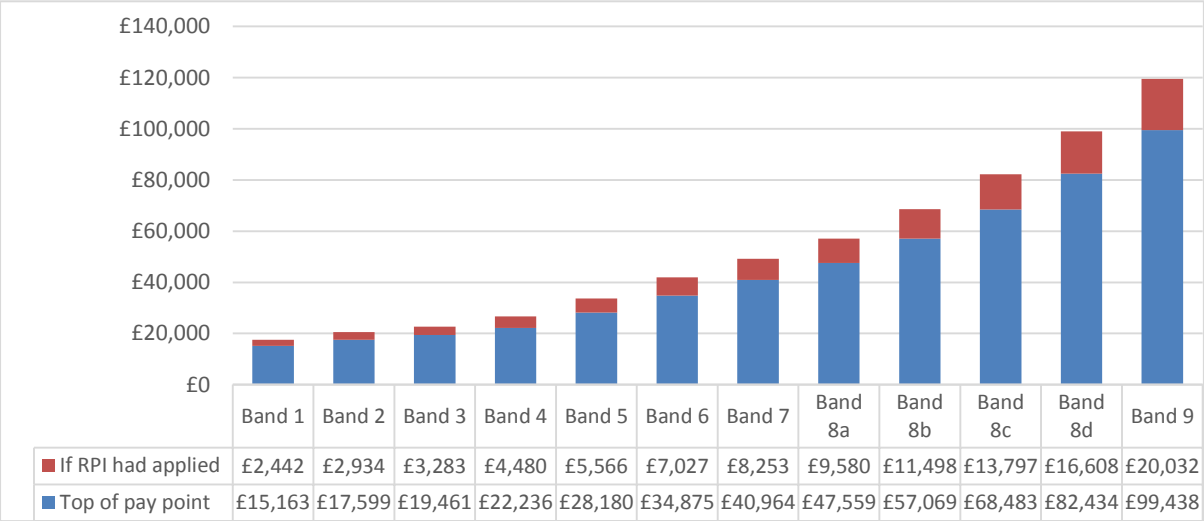

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| If RPI had applied | £1,999 | £2,417 | £2,713 | £3,823 | £4,735 | £5,996 | £7,043 | £8,176 | £9,812 | £11,774 | £14,172 | £17,096 |
| Top of pay point | £15,467 | £17,954 | £19,852 | £22,683 | £28,746 | £35,577 | £41,787 | £48,514 | £58,216 | £69,860 | £84,091 | £101,435 |

**Chart 7: Top point of each pay band in Scotland, showing difference if RPI had been applied in every year since 2011/12**




| | Band 1 | Band 2 | Band 3 | Band 4 | Band 5 | Band 6 | Band 7 | Band 8a | Band 8b | Band 8c | Band 8d | Band 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| If RPI had applied | £1,069 | £1,625 | £2,012 | £3,800 | £4,705 | £5,960 | £7,001 | £8,127 | £9,753 | £11,703 | £14,088 | £16,994 |
| Top of pay point | £16,532 | £18,903 | £20,727 | £22,910 | £29,034 | £35,933 | £42,205 | £49,000 | £58,799 | £70,559 | £84,932 | £102,450 |

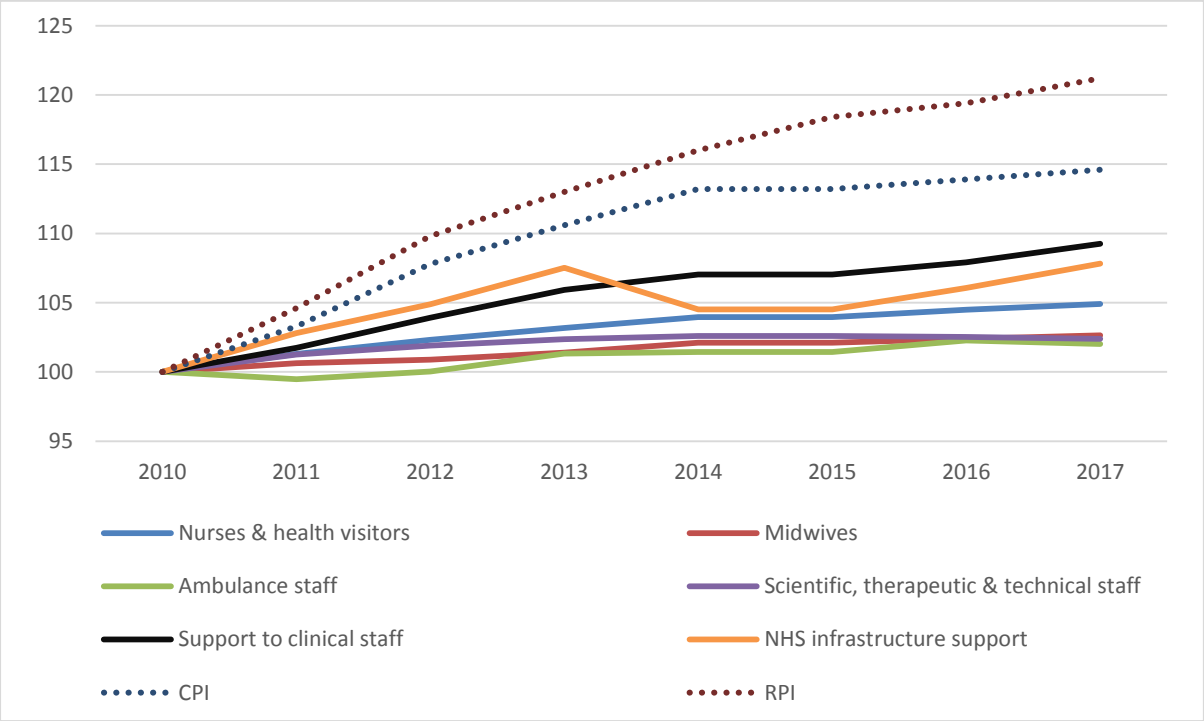
**Chart 8: Top point of each pay band in Northern Ireland, showing difference if RPI had been applied in every year since 2011/12**




| | Band 1 | Band 2 | Band 3 | Band 4 | Band 5 | Band 6 | Band 7 | Band 8a | Band 8b | Band 8c | Band 8d | Band 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| If RPI had applied | £2,442 | £2,934 | £3,283 | £4,480 | £5,566 | £7,027 | £8,253 | £9,580 | £11,498 | £13,797 | £16,608 | £20,032 |
| Top of pay point | £15,163 | £17,599 | £19,461 | £22,236 | £28,180 | £34,875 | £40,964 | £47,559 | £57,069 | £68,483 | £82,434 | £99,438 |

2.16 Looking at earnings trends for England, the chart below highlights the real impact on the major AfC staff groups since 2010.

**Chart 9: England Agenda for Change staff group earnings 2010-2017**
**Index 2010=100**




In nominal terms, earnings have grown between 2010 and 2017 at the follow rates:

- Nurses and health visitors: 5.7%
- Midwives: 3.3%
- Ambulance staff: 0.4%
- Scientific, therapeutic and technical staff 2.8%
- Support to clinical staff 10.0%
- NHS infrastructure support 9.7%

CPI has grown by 13.2% and RPI by 20.4% over the same period, meaning a real terms (RPI) drop in earnings of:

- Nurses and health visitors: -14.7%
- Midwives: -17.1%
- Ambulance staff: -20.0%
- Scientific, therapeutic and technical staff -17.6%
- Support to clinical staff -10.4%
- NHS infrastructure support -10.8%

*"The pay freeze is having a huge impact on my life and in Northern Ireland we have not even received the 1% awarded to the rest of the UK. My duties have increased and I have more complex cases but no increase in pay. Everything is going up, school dinners, school transport groceries and utilities. Things used be tight just before payday, but now I put groceries on a credit card in the middle of the month.*

*An RPI increase would mean I could afford to pay for shopping and not worry about going into debt. I would feel more motivated to come to work and partake in additional activities like audit. The NHS cannot be sustained on the goodwill of its employees. If the NHS wants to attract and retain good staff then it has to offer fair pay for skilled work. We lag way behind private sector pay, with more demands than ever."*

**Band 6 Orthoptist, Northern Ireland**

*"Morale in my unit is low - despite the best efforts of a supportive head of midwifery we are expected to do more and more for less and less pay. My first pay cheque in 2010 felt like a fortune. I haven't opened a pay slip in months now. There is no point. The public are acutely aware of the position we are in. They are no longer under the illusion that we are well paid. Our salaries are public record and I would encourage any woman to look up nurses and midwives pay so they can see the impact our low salaries have."*

**Band 6 Midwife, England**

# 3. Recruitment and Retention

3.1 The NHS has a staffing crisis. Many professional groups now have staffing shortages including:

- Nursing – Vacancy rate of over 5% in Scotland (over 3,000); 1,200 nursing vacancies in Wales;[13] between 36,000 and 42,000 vacancies in England[14]
- Midwifery – shortage of 3,500 midwives[15]
- Radiotherapy radiographic workforce – 6.2% vacancy rate across UK[16]

3.2 It is vital that the NHS can recruit and retain enough staff to provide high quality care for NHS service users. The NHS trade unions have long argued for a total workforce strategy to tackle the many and inter-related challenges facing the NHS workforce, including increasing use of agency staff, stagnating wage levels, declining morale and motivation and increased staff shortages across the UK.

3.3 Paying the NHS workforce fairly is critical to recruiting the right numbers of staff. As pay has stagnated in the NHS this has clearly had a detrimental impact on the attractiveness of working for the NHS. Indeed, as other pay awards continue to improve there is a very real risk to recruitment and retention. As Simon Stevens, Chief Executive of NHS England has acknowledged[17]:

> *"NHS staff have made a huge sacrifice during this period of global economic recession and austerity. But the health service has for the most part continued to perform incredibly well during that period… Over the medium term, the NHS has to pay in line with pay rates across the rest of the economy if we're going to be able to continue to attract some of the best and most committed staff for nursing jobs and other jobs across hospitals and primary care in England… We know there are more pressures and people are working incredibly hard and that's why we've got to change."*

3.4 The evidence shows that staffing has already reached crisis point in the NHS. It is alarming that the Nursing and Midwifery Council (NMC) has seen a drop in the number of registrants for the first time in their history this summer[18]. It is even more alarming that there are two significant developments that could worsen recruitment even further: changes to student funding and Brexit.

Firstly, the government has changed funding for student midwives, nurses and allied health professionals by removing the bursary and replacing it with a student loan and introducing tuition fees from September 2017. We believe that the prospect of accumulating significant debt will deter many aspiring students –

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[13] www.rcn.org.uk/news-and-events/news/rcn-demands-safe-staffing-legislation-for-entire-uk

[14] www.hsj.co.uk/workforce/nursing-vacancies-top-36000-official-analysis-reveals/7021210.article

[15] www.rcm.org.uk/news-views-and-analysis/news/act-now-to-avert-growing-crisis-in-our-maternity-services%E2%80%99-says-rcm-as

[16] www.sor.org/learning/document-library/census-radiotherapy-radiographic-workforce-uk-2016/5-nhs-radiotherapy-radiographic-workforce-data

[17] Nursing Times (2014) *Nurses will quit without 'competitive' pay, concedes Simon Stevens, 23 October 2014*
*www.nursingtimes.net/home/specialisms/leadership/nurses-will-quit-without-competitive-pay-concedes-simon-stevens/5076080.article*

[18] www.nursingtimes.net/news/workforce/alarming-rise-in-number-of-nurses-leaving-nmc-register-continues/7021911.article

particularly older people - and we understand from early figures that there has been a significant drop in applications to nursing courses and midwifery courses at university.

Secondly, Brexit may also have a damaging impact on the recruitment of staff to the NHS. Around 62,000 NHS staff in England were EU nationals - 5.6% of all staff as at June 2017[19]. These staff remain uncertain about their position in post-Brexit Britain. Moreover, we do not know if the NHS will be able to continue to recruit staff from other EU countries post-Brexit. If NHS organisations are not able to recruit from the EU, or this is restricted, it will shut off a valuable source for recruiting qualified and registered staff. This will leave the NHS with two sources of recruitment of professional staff - recruiting new graduates (which may be restricted due to the changes in financial arrangements outlined in the previous paragraph) or recruiting former staff back to the NHS. Both of these options have the same drawback: they take significant amounts of time.

For example, to register with the Nursing and Midwifery Council (NMC) as a midwife or a nurse students must first earn a qualification at degree level. Both nursing and midwifery degrees are three year courses. During their career nurses and midwives are responsible for keeping their knowledge up to date in order to remain on the professional register. In 2016 the NMC started a new process of revalidation for registrants. To remain on the register nurses and midwives must complete the process of revalidation every three years and have to meet certain requirements, among others that they have 450 practice hours and 35 hours of continuing professional development. If a nurse or midwife has left the register they need to complete a return to practice course to be able to return to the NMC register.

3.5 Staff Side is encouraged by the publication of the consultation on Health Education England's Workforce Strategy, particularly in its acknowledgement of the scale of the problem regarding recruitment and retention[20]. Any steps that may be put in place - which will affect England only – will take time to have any impact on the future supply, retention, training and development and motivation of NHS staff. Therefore, it is critical to retain existing staff in the NHS so that the staffing crisis does not get any worse during the time it takes to recruit. The key intervention that can be made to retain staff in the service is a fair pay rise.

[19] http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7783#fullreport
[20] www.hee.nhs.uk/our-work/planning-commissioning/workforce-strategy

## 4. Morale and Motivation

4.1 There are strong indications that pay restraint is damaging morale and motivation among NHS staff at all levels. For example, the 2016 staff survey for England showed that satisfaction with pay levels fell by four percentage points compared to 2015. The rest of this section brings together survey findings from NHS trade union members – reflecting the breadth of occupations and levels of seniority across the service.

**The Impact of Pay Restraint on NHS staff**

> *"A fair pay rise would mean I would not have to worry about scrimping for childcare and having to borrow money from my family. If I don't pay for the childcare I would not be able to work which means I would lose my house as I would not be able to pay my mortgage or household bills. As well as energy bills and petrol prices rising, council tax, water rates and TV licensing have also risen and do so every year. My pay does not reflect this so every year I have to tighten my belt to be able to live off my wage."*
>
> **Band 2 admin and clerical worker, Yorkshire and Humberside**

4.2 Union surveys of members demonstrate the personal impact of pay restraint on NHS staff, with the majority stating they are financially worse off and that this has led to changes in behaviours such as cutting back on holidays and the amount put away for savings. Many have also have to resort to borrowing money from banks, family and friends and others have struggled to cope with bills and other expenses.

<table>
<tr><th>UNISON</th><th>RCN</th></tr>
<tr><td rowspan="3"><ul><li>79% of UNISON survey respondents say they feel worse off than 12 months ago</li><li>66% have cut back on family holidays</li><li>78% have cut back on adding to their savings</li><li>74% have cut back on visits to restaurants and meals out</li><li>37% have had to ask family or friends for financial support</li><li>10% have used a debt advice service</li><li>10% have pawned possessions</li><li>7% have used a payday loan company</li><li>1% have used a food bank</li></ul></td><td><ul><li>75% of RCN survey respondents say they are worse off than five years ago</li><li>56% have cut back on travel and food costs</li><li>40% have borrowed money to get by</li><li>21% have struggled to pay gas and electricity bills</li><li>11% have missed or been late with rent or mortgage payments</li></ul></td></tr>
<tr><td>Society of Chiropodists and Podiatrists</td></tr>
<tr><td><ul><li>88% of podiatrists say that they were worse off than five years ago</li><li>90% said the current NHS pay and reward structure unattractive</li></ul></td></tr>
</table>

A large proportion of respondents stated that they are working extra hours to get by financially, either by additional paid work in their main job, bank or agency work or a second or even third job outside the NHS.

| **UNISON** | **RCN** |
|---|---|
| • 21% do additional paid work on top of their day job. Of those 56% of those do bank work and 36% have a second job outside the NHS<br>• 73% of those doing extra work say their basic salary does not cover living costs | To help get by financially:<br>• 50% have worked extra hours in their main job;<br>• 23% have taken on another job (including bank and agency) |
| **CSP** | |
| • 29% said that they sometimes/regularly undertake paid employment in addition to their main job.<br>• 67% do so to earn extra money to be able to save.<br>• Half do so to meet living costs.<br>• A quarter do so to pay off debts | |

**The impact of pay restraint and work pressures on morale among the NHS workforce**

4.3 NHS staff have a clear picture of the way that pressures are impacting on their colleagues and the collective mood of the NHS, with many recognising that morale is low and that this is have a negative impact on productivity.

Money worries are leading to loss of sleep, damaging personal relationships and prompting many to think about leaving their jobs. Worrying about money and dealing with financial issues during work time will have an inevitable impact on productivity and the ability to concentrate on patient and service delivery.

| **UNISON** | **RCN** |
|---|---|
| • 58% of staff say morale is low or very low<br>• 70% of staff say morale has fallen over the last year<br>• 88% of staff say morale is having an impact on productivity in their workplace | Due to money worries…<br>• 41% have lost sleep<br>• 24% are thinking of leaving their job<br>• 16% have spent time during working dealing with money problems<br>• 14% find it difficult to concentrate/make decisions at work |

| **Chartered Society of Physiotherapy** | **Unite** |
|---|---|
| • Three quarters say they frequently feel stressed and overloaded at work.<br>• Nearly half said workplace stress is having a detrimental impact on their personal relationships outside work and 44% on their relationships at work.<br>• 48% say that they regularly undertake duties which they believed should be carried out by a higher grade/band. | • 93% say that the public sector pay cap has had a negative impact on morale in their workplace<br>• 84% say morale in their workplace is worse compared to a year ago – the main reasons are increased workplace stress and the falling value of take home pay |
| **Society of Chiropodists and Podiatrists** | |
| • 90% say morale has got worse in their workplace over the last 12 months | |

*"I graduated in 2016 and still really enjoy nursing, but have decided to move to Australia next year. The pay is £12,000 higher than my current job – I'll see if I enjoy nursing in another setting and decide on my future career when I return to the UK. I've learned so many new skills and gained invaluable experience but the job is dragging me down. Morale is low and that's because of staffing levels. We don't get paid for what we do – we save lives and make a difference to people's lives. Patient care is getting compromised because we don't have the right resources."*

**Band 5 Staff Nurse, North West England**

*"Morale is the lowest I have ever seen it. And there has been an exodus of staff in my trust because morale is so low - staff are just walking away from the profession. They are going off to do something else or go back to university. A lot of Band 6s are having a complete change of career.*

*We need a substantial pay rise. We need to make the job a lot more attractive especially for new graduates because they've lost their bursaries. It is just not attractive enough."*

***Band 6 Physiotherapist, North West England***

**The impact of pay restraint on staff retention and service quality**

4.4 Many members of the NHS workforce are thinking again about their future, with many considering leaving the service because of pay restraint and other factors of working life such as workload, stress and feeling undervalued.

| **UNISON** | **RCN** |
|---|---|
| • 88% of staff say they have considered leaving the NHS in the last year<br>• When asked what factors made them consider leaving, staff cited:<br>  ○ Feeling undervalued due to low levels of pay (78%)<br>  ○ Stress at work (72%)<br>  ○ Increased workload (72%)<br>• 45% of staff considering leaving say they want to take up a post outside the NHS, with just 28% considering employment in another NHS organisation | Due to money worries…<br>• 24% are thinking of leaving their job<br><br>Of those looking for a new job:<br>• 46% are looking for a role only in the NHS<br>• 32% are looking for a new job only outside the NHS<br>• 20% are looking for a job either in or outside the NHS or abroad. |
| **CSP** | **Unite** |
| • Nearly half of respondents have sought, or seriously considered leaving their job for one in another sector in the past year.<br>• 61% say is main reasons are low pay and feeling undervalued by employer.<br>• 58% say main reason is high workload/stress<br>• 53% say main reason is lack of career progression opportunities | • 67% have thought about leaving their job and 59% have considered leaving their current NHS post in order to take up a job outside the NHS<br>• 36% would probably not and 24% would definitely not recommend their own occupation or profession as a career in the NHS<br>• 59% say the public sector pay cap had a negative impact on the services offered to patients in their workplace |
| **RCM** | **Society of Chiropodists and Podiatrists** |
| • 61% say they are considering leaving the NHS in the next year or next two years<br>• Of those, 80% said they would stay if they had a pay increase. | • Only 26% would recommend a career in the NHS to a newly qualified podiatrist. |

4.5 It is clear from the current and growing staffing crisis that the numbers of new recruits and student places must increase. The pay structure and annual uplift must be good enough to attract new staff into the NHS and students into viewing the NHS as a viable and attractive career option. However, recruiting and training staff takes significant time so in the interim something immediate must be done to retain existing staff in the NHS so we can break the downward spiral of the current staffing crisis. It is clear from all the staffing groups that increased pay is the key intervention that could be made to retain staff in the NHS. This key intervention must be made now before the staffing crisis gets even worse.

# 5. Funding and cost

### Cost of the claim

5.1 The NHS trade unions commissioned Incomes Data Research to cost our claim. The summary of their findings is set out here in full[21]. Their work demonstrates the claim would cost approximately £2.2 billion, an increase of approximately 6.3% to the non-medical paybill.

5.2 This paper sets out the approach we have taken to estimating the impact on the NHS paybill from the joint trade unions' claim for a basic pay increase in April 2018 based on inflation (using the all-items RPI measure) and a flat-rate increase of £800 on all spine points. We have assumed an inflation rate of 3.5% at 1 April 2018. This is based on forecasts for RPI inflation for the year to February 2018. The February RPI figure will be released in March and as such will be the extant figure on 1 April 2018.

5.3 For the purpose of these estimates, we have used payroll data obtained from NHS Digital, as set out in the paper below. These include average earnings by spine point for each pay band, broken down by basic pay, shift, overtime and geographic allowance. NHS Digital also provided FTE staff numbers for England broken down by spine point for each pay band. We used these FTE numbers for the basic pay, shift and overtime calculations. We also used published workforce data showing FTE staff numbers by pay band and region for the calculation of the geographic allowances.

### Methodology: 1. Basic pay

5.4 The current paybill covering basic pay for staff on Agenda for Change terms and condition was calculated using the pay spine points effective from 1 April 2017 and the FTE staff figures for each spine point provided by NHS Digital effective 31 March 2017. The annual value of each spine point was multiplied by the relevant FTE figure, and then the figures across all spine points were totalled.

### Methodology 2: Shift and overtime pay

5.5 We used payroll data supplied by NHS Digital showing each of average basic pay, shift and overtime payments for each spine point for each pay band, to calculate the value of shift and overtime payments as a percentage of basic salary. Although the payroll data provided was by NHS regions, there was very little significant variation across the regions in the percentage calculations for overtime and shift pay, so we averaged the percentage increase by spine point within each pay band for each of these types of payments, separately.

We then applied the average percentage values for each spine point for each pay band, separately for shift and overtime, to the relevant 2017 spine point, and then multiplied these figures by the relevant FTE staff number for each spine point for each pay band, to calculate the total payments for shift and overtime.

### Methodology 3: Geographic payments

5.6 Since the value of geographic payments and the number of FTE staff vary considerably across the regions we calculated these payments separately by region using the same underlying methodology. The major difference was in the

[21] Unpublished. Explanation available on request.

source of FTE staff numbers. We used published overall regional figures for March 2017, excluding medical doctors. We then applied the overall FTE number for each region to the separate pay bands, and spine points within each pay band, using the national profile supplied by NHS Digital. The regions for which the cost of the geographic allowances was calculated were: Eastern, Thames Valley, North West London, South London, North Central East London, and the Kent Surrey Sussex regions.

**Methodology 4: Estimated impact on paybill**

5.7 The figures for each of the pay elements itemised above were totalled across the pay bands to provide overall figures for shift, overtime and geographic allowances. These were then added to the overall number for basic pay to give a value for the total cash paybill.

The procedure was then repeated using a revalorised pay spine (revalorised according to the claim as set out above, ie 3.5% plus £800 on every spine point) to calculate similar figures. We have assumed that the percentage value of shift, overtime and geographic allowance remains unchanged. The calculated totals for the current pay spine were then deducted from the revalorised figures to show the impact of the claim on the total cash paybill.

Finally, the likely increase to both employers' National Insurance and pension contributions was calculated. We applied 13.8% for NI contributions on the total increase to the cash paybill, and 14.38% to the increase in pensionable earnings i.e. excluding overtime. The estimated total cost of the claim is the sum of the total increase to the cash paybill, the added employer pension contributions and the additional employer NI contributions.

**Table 5: Calculated costs of the claim**

| Paybill element | Increase £ pa |
|---|---|
| **Basic pay** | 1,594,285,328 |
| **Shift** | 63,369,320 |
| **Overtime** | 19,882,892 |
| **Geographic allowances** | 70,393,929 |
| **Total increase to cash paybill** | 1,747,931,469 |
| **Pensionable pay** | 1,728,048,576 |
| **Added employer pension contributions/costs (14.38%)** | 248,493,385 |
| **Additional employer NI contributions (13.8%)** | 241,214,543 |
| **Total increase in employments costs** | 2,237,639,397 |

**Economic cost of lifting the pay cap**

5.8 Analysis by IPPR shows increasing pay in line with CPI inflation would be £1.8 billion a year by 2019/20, compared with keeping the cap in place[22]. However, the real cost to the Treasury would be half that when taking into account the fiscal impact of money immediately returned to the Treasury through higher tax receipts and lower welfare payments, and the impact of additional GDP generated.

Furthermore, a 'catch-up' scenario – of increasing NHS pay in line with private sector earnings plus 1% – would have a headline cost of £3.9 billion by 2019/20, but a net cost to the Treasury of £2.1 billion.

**High Cost Area Supplements (HCAS)**

5.9 The HCAS section of the NHS terms and conditions exists to recognise higher costs faced by NHS staff living and working within defined areas. It is clear that in HCAS areas, as in the rest of the United Kingdom, the value of NHS pay has not kept pace with the cost of living.

In previous rounds the trade unions have put forward the position that HCAS cannot in itself be a replacement for fair, annual, pay awards to maintain value of the entire framework and protect NHS staff from cost of living increases. If the pay scale as a whole is increased, and HCAS thresholds adjusted accordingly, then the value of HCAS will also increase.

However, it is clear that the detriment and neglect that the overall pay scale has suffered has had a serious impact on staff in high cost areas.[23]

5.10 The NHS trade unions therefore ask the NHS PRB to recommend a separate review of the adequacy of HCAS and that the outcome should be funded by government.

This is not intended to preclude an adjustment to HCAS for 2018/19. As in recent years, increasing HCAS floor and ceiling rates in line with an overall pay award is a helpful way of maintaining the rates in the short term before a review can conclude.

**Northern Ireland**

5.11 This year NHS staff in Northern Ireland were left in an unacceptable position that must not be repeated.

With relevant Northern Ireland ministers having issued a remit to the NHS PRB, a failure to agree power sharing arrangements led to the collapse of the Northern Ireland Executive.

The PRB made recommendations in line with the remit issued by the Northern Ireland Department of Finance. However, the Finance Secretary refused to implement the pay award; he stated that to do so would be beyond his powers. The NHS trade unions did not and do not agree with this interpretation of powers. A remit had been issued to the NHS PRB, within existing policy, and it was clear that Northern Ireland civil service structures had been committed to the process.

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[22] www.ippr.org/research/publications/lifting-the-cap
[23] RCOT, An investigation into the Occupational Therapy Workforce in London, 2017, www.rcot.co.uk/file/22/download?token=jf-B8rtW

The joint NHS trade unions in Northern Ireland began a campaign to have the pay award implemented, arguing that the Department of Finance had the authority to implement the award.

Indeed, on Monday 4 December in a Westminster Hall debate responding to the "Pay Up Now" petition on public sector pay, the Exchequer Secretary to the Treasury (Andrew Jones) confirmed: "The decision and implementation [of the 2017/18 pay award] is actually with the Northern Ireland civil service."[24]

On 13 December the Permanent Secretary announced he had reversed this position and that the 2017/18 NHS PRB recommendations for Northern Ireland would be implemented[25].

The failure to implement the recommendation put a particular additional strain on industrial relations and employers, as the effective pay freeze meant Northern Ireland NHS pay rates fell below the minimum wage. In dealing with this, the Northern Ireland Department of Health instructed employers to increase pay in line with the minimum wage for the affected pay points, but only for staff aged 25 and over. This de facto introduced variation of pay by age into the NHS. This is an entirely unacceptable position for the NHS trade unions.

This whole episode could have been easily avoided by civil servants. There is a very particular political backdrop but it is clear that a Ministerial remit had been issued and civil servants were empowered to follow it through. NHS staff have a reasonable expectation that they should not be used as political leverage by appointed civil servants.

The NHS trade unions therefore ask the NHS PRB to either clarify or recommend process changes so that, where a remit has been issued, PRB recommendations must be implemented unless there is an active decision to reject them.

[24] Hansard column 283WH https://goo.gl/XY5pq8
[25] www.finance-ni.gov.uk/news/public-sector-pay-policy-set-201718

UNISON Centre
130 Euston Road
London
NW1 2AY

14 September 2017
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chancellor,
**Re: NHS Pay 2018-19**

The NHS trade unions have traditionally given full support to the Pay Review Body process.

In last year's pay round, we put forward a strong case for breaking the 1% pay policy, arguing that another year of pay restraint would further damage the health workforce and undermine the legitimacy of the Review Body mechanism. The Review Body issued strong and specific warnings about the unsustainability of the 1% pay policy in its report – particularly in light of rising inflation during 2017 – but felt constrained by considerations of affordability to stick to the 1% limit as that was all that had been funded.

Last year we warned that health staff are unlikely to put up with the NHS Review Body being bound by a 1% pay cap for future rounds. Yet just six months away from our April 2018 review date it is still not clear whether the Review Body will be allowed free rein to make recommendations for 2018-19 which start to address the mounting morale issues and staffing shortages. Nor is it clear whether central funding will be made available to fund the level of pay rise that is needed for all NHS staff. Without a commitment on funding, the PRB will be rightly concerned that any pay rise it recommends can only be delivered through cuts at organisational or country level.

Ahead of your budget this autumn, I am writing on behalf of the NHS Agenda for Change unions to set out what our members believe would be a reasonable settlement for pay for 2018-19.

We would like to see a fully funded UK-wide pay settlement that does three things:

- Enables NHS staff to keep up with costs by matching RPI inflation
- Starts to restore pay lost during the years of austerity, giving a consolidated sum of £800 to all
- Invests in improving the NHS Pay structure, making it better able to support workforce productivity improvements

We urge you to use your autumn budget to identify the funding needed to meet this 'claim'. Doing so will enable the Review Body to regain its legitimacy in the eyes of NHS staff and start to address worsening NHS staffing problems. It will also show that your government values hard-pressed NHS staff and understands the negative impact pay restraint has had on them and the services they provide.

Sincerely,
Sara Gorton
HEAD OF HEALTH, UNISON
Chair of the NHS Staff Council Staff-Side

On behalf of the following organisations:
British Association of Occupational Therapists
British Dietetic Association
British and Irish Orthoptic Society
Chartered Society of Physiotherapy
Federation of Clinical Scientists
GMB
Managers in Partnership
POA
Royal College of Midwives
Royal College of Nursing
Society of Chiropodists and Podiatrists
Society of Radiographers
UNISON
Unite












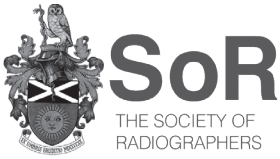




The NHS trade unions are:
British Association of Occupational Therapists, British Dietetic Association, British and Irish Orthoptic Society, Chartered Society of Physiotherapy, Federation of Clinical Scientists, GMB, Managers in Partnership, POA, Royal College of Midwives, Royal College of Nursing, Society of Chiropodists and Podiatrists, Society of Radiographers, UNISON, Unite.

Joint union publication. 130 Euston Road, London NW1 2AY
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