



UNISON evidence

NHS Pay Review
Body 2016-17

September, 2015

EXECUTIVE SUMMARY

1. UNISON's members working in the NHS across the UK are struggling to make ends meet financially, and battling to keep their heads above water in the face of chronic understaffing and mounting pressures.
2. Recruitment and retention pressures are escalating, with 80% of UNISON members surveyed having considered leaving their job in the last year.
3. Responsibility levels and workloads are increasing while pay has been suppressed through a combination of real terms pay cuts and downbanding. Three-quarters of UNISON members surveyed said pay cuts had affected their morale at work.
4. Evidence from HR Directors and managers backs up UNISON members' view that the government's plans for continued pay restraint will severely exacerbate a looming recruitment and retention crisis, with direct knock-on effects for patient care.
5. Developments within the NHS and in the wider economy mean that the time has come for the NHS to become a Living Wage employer. Many NHS employers that have not yet implemented the Living Wage are looking to the Pay Review Body and the national pay machinery to take a lead on this.
6. Tax credit cuts due to take effect in April 2016 will have a severe impact on NHS staff, extending up the pay structure as far as staff in Band 6, depending on household and family circumstances. For example a full-time healthcare assistant in a couple, with one earner and one child, will lose £2,065 next year as a result of the tax credit cuts.
7. The Joseph Rowntree Foundation 'Minimum Income Standard' for an acceptable standard of living is set at £17,100 for a single person and £20,000 for a couple with children – £8.75 an hour or £10.23 an hour respectively.
8. By 2016, Agenda for Change salaries for NHS staff will have lost between 12% and 18% of their value since 2010.
9. UNISON is asking the Pay Review Body (PRB) to make recommendations in line with our three main objectives for NHS pay: a decisive move against poverty pay and reliance on in-work benefits; an across-the board catch-up award across all bands weighted to the lowest paid; and re-establishing a consistent UK-wide pay structure by levelling up to the Scottish pay scales.
10. UNISON is concerned about the lack of consistency and wide variation in approaches to setting pay rates for the growing number of apprentices in the NHS, with some paid as little as £2.73 an hour. We are asking the PRB to make recommendations on how to avoid the potential for exploitation of apprentices and undermining of the pay framework.

RECOMMENDATIONS

UNISON asks the Review Body to:

1. Recognise the damaging effects of five years of pay restraint on morale, recruitment and retention in the NHS and to highlight the risks to service quality and patient care of its continuation.
2. Establish the principle that the NHS across the UK should now become a Living Wage employer and to recommend an uplift to meet the Living Wage rate due to be announced in November 2015.
3. Recommend that the talks on the review of the AfC structure deal with the practicalities of embedding the Living Wage taking account of
 - a. country-specific approaches to the Living Wage already in place and how these could be standardised
 - b. the prospect of a £9 an hour statutory minimum wage for 25 years+ by 2020
 - c. the case for merging of Bands 1 and 2.
4. Highlight to the government the severe impact of tax credit cuts for NHS staff on family incomes, recruitment and retention and morale – and to take account of this in its pay recommendations.
5. Recommend a roadmap for a £10 an hour minimum rate in the NHS as a decisive anti-poverty measure and a show of investment in staff and patient care.
6. Make recommendations which re-establish a UK-wide pay structure using the Scottish pay scales as the basis.
7. Apply a substantial catch-up award which is weighted towards the lowest paid but applies a 'feels fair' £1 an hour uplift for all staff.
8. Recognise and comment on the risk of exploitation of apprentices and undermining of AfC rates.
9. Flag up the potential financial impact on the NHS of an apprenticeship paybill levy.
10. Recommend that the AfC refresh negotiations address the issue of pay for apprentices to ensure that a pay framework for them is mainstreamed within AfC.

UNISON evidence to the NHS Pay Review Body 2016-17

This evidence is submitted on behalf of over half a million UNISON and BAOT members working in the NHS across the UK

A) INTRODUCTION

1. UNISON contributed heavily to, and fully supports, the evidence submitted by the Staff Side to this year's Pay Review Body (PRB) round. The submission below is intended to complement and supplement the Staff Side evidence, reflecting UNISON's 2015 conference policies on pay and grading.

B) UNDERVALUED, OVERWHELMED – HEADLINES FROM UNISON'S MEMBERS' SURVEY

2. UNISON's survey of 10,589 members working in the NHS across the UK reveals a workforce struggling to make ends meet financially, and battling to keep their heads above water in the face of chronic understaffing and mounting pressures (the full survey report is appended). The survey findings suggest that the government's plans for continued pay restraint will severely exacerbate an already worsening recruitment and retention situation, with direct knock-on effects for patient care.

"This time next year I won't be able to afford to stay in this job"

Secretary, Band 4 – North West

"Waiting for my green card, emigrating to USA soon"

[Occupation not stated], Band 5 – Greater London

3. The work of the Pay Review Body in setting pay is critical to the quality of life for our NHS members as demonstrated by the fact that 65% of respondents are the main wage earner in their household.
4. Nearly two-thirds (63%) of respondents said their pay has worsened in relation to the cost of living over the last 12 months – with spending power in relation to food, fuel and transport the worst hit areas.

"At the age of 40 I am living with [my] parents because I can't afford private rent."

Nurse, Band 6 – Greater London

5. Over half of respondents rely on additional payments and/or second jobs to maintain their standard of living and one-in-five said they have a second job.
6. Over a third (35%) rely on unsocial hours/shift payments to sustain their standard of living, reinforcing the conclusions drawn in the PRB's report, *Enabling the delivery of healthcare services every day of the week*, that these payments form an important part of element of the earnings package for staff.
7. Furthermore 60% of respondents are at the top of their pay band and must rely solely on the annual pay settlement for any prospect of income improvement.

"I love the job, and will always do my very best for the patient. My pay band is top of band 6 and unlikely to change to anything different...Even if I look for a promotion, my pay will remain the same or even be reduced. Where's the incentive??"

Paramedic, Band 6 – South East

8. Over four-in-five respondents have given leaving their job some consideration in the past year, and 65% have done so seriously.
9. The top reasons for considering leaving are 'feeling undervalued due to levels of pay,' and 'staff shortages'. In total, 91% of respondents cited a pay/grading-related reason as one of the drivers for considering leaving.
10. An ongoing commitment to the job is by far the biggest reason given by those respondents who considered leaving but decided to stay – at least for now. However, over a quarter said they stayed because they could not find another job which suggests that continuing labour market recovery will spark another surge of exits.

"Just biding my time. I'll be gone in 12 months!"

Ambulance technician, Band 4 – West Midlands

"Persuaded by management to stay."

Secretarial worker, Band 3 – Yorkshire & Humberside

11. Two-thirds of respondents said recruitment and retention difficulties are a significant problem in their department or workplace, and half said the situation had become more difficult over the last 12 months.
12. Some 64% of respondents said that there had been frequent staff shortages in their workplace during the last year, and another 21% said there had sometimes been shortages. Over two-thirds of respondents said there are not enough staff in their unit to cover the work required.

13. Staff find themselves at the centre of a perfect storm with key indicators flashing red. Workload, stress and patient numbers are all on the rise, while staffing numbers are falling. As a result, 36% of respondents believe the quality of care for patients has decreased in the last 12 months.
14. One thread runs through the comments: the sense that responsibility levels have increased while pay has been suppressed – either as a result of downbanding or a failure to re-evaluate changing roles.

“HCA work is seen as unskilled and only about bedpans and sheets, we are graded at band 2 but most are doing band 3 and 4 duties. We should be...paid at a grade that recognises the role and duties we perform!!”

Healthcare assistant, Band 2 – West Midlands

15. Half of those who said their workload had increased reported a detrimental effect on their health. And a quarter of respondents reported a detrimental effect on their family life. By failing to protect its staff from overwork, the NHS is actually increasing the sum total of ill-health it has to deal with in the population.
16. Three-quarters of respondents said real terms pay cuts had affected their morale and 70% said their willingness to go the extra mile had been affected.
17. Overall, a worrying 58% of respondents said that morale in their workplace is low – with a quarter saying it is very low.
18. Respondents are one and half times more likely *not* to recommend their profession/occupation or employer, as those who *would* recommend it to someone seeking to work in the NHS.
19. Nearly half of respondents have suffered from work-related stress, and a quarter from work-related moving and handling, musculoskeletal or upper limb disorders.
20. Some 58% of respondents had personally experienced some form of violence, harassment or bullying in the last year at work, or witnessed it happening to a colleague.
21. A worrying one-in-five of all respondents said they personally had been bullied by a manager in the past year, and 17% of all respondents had personally been subject to violence.
22. Some 42% of respondents said their hours of work sometimes or frequently conflict with domestic commitments, and for another 31% of respondents this is an occasional problem.

C) PAY RESTRAINT AND THE RECRUITMENT AND RETENTION CRISIS

“Our survey results suggest that NHS Trusts could be on the brink of a serious HR crisis.”

Smith Institute

23. UNISON commissioned the Smith Institute to carry out an on-line survey and semi-structured interviews with a sample of HR Directors and Managers in the NHS¹. The fieldwork took place between April and June 2015 across the UK.

24. Among the key findings:

- 70% of the HR managers surveyed were expecting to recruit more staff this year than last, but despite this...
- 63% were unsure they would have enough staff to meet demand and...
- 85% were finding recruitment very or fairly difficult.

25. Interviewees attributed the staff shortages principally to increased demand and safe staffing guidelines. Many thought the situation would worsen as a result of deteriorating finances.

26. Around two-thirds of respondents said they thought the NHS pay squeeze has had ‘some’ or a ‘significant’ impact on their ability to recruit and retain, and 78% believe that its continuation will have an ongoing impact.

27. The biggest problems were recruiting skilled, specialist and experienced staff on higher pay grades (cited by 78%) and intermediate roles (cited by 59%). Follow-up interviews showed that the most common areas of concerns were nursing, paramedics and radiology.

28. Nearly half of the respondents said they sometimes or often had to recruit people with fewer skills and less experience than the post requires.

29. Some 89% of respondents said they were using agency or temporary workers to meet staff shortages – 63% said they were using “a lot”. Interviewees expressed concern about the effects on staffing levels of the government’s crackdown on agency spend, saying pay is a clear factor in driving nursing staff to agency work.

“As one HR practitioner stated: ‘With flat pay the temptation to get a substantive post is less attractive.’ One Trust interviewed had no recruitment and retention difficulties but said ‘there is always the problem of losing staff to agencies because they can pay higher rates’. The pay squeeze has made it more attractive to take this step, especially for those employees with significant experience who are at the top of their pay grade.”

Smith Institute

¹ <https://www.unison.org.uk/content/uploads/2015/09/From-pay-squeeze-to-a-staffing-crisis.pdf>

30. The Smith Institute study offers further evidence – this time from the perspective of HR Directors and managers – that recruitment problems will only get worse as a direct result of pay restraint. This is creating additional costs in the system through rising agency spend and international recruitment.

D) CASE FOR THE LIVING WAGE

“[T]o keep my head above water, I have to work a lot of extra hours to ensure all my bills are met every week. I have spent the past two and a half years trying to get a better job at band 4 and 5...With no rise in pay and the cost of living rising every year, I am finding it difficult to keep up these long working hours to ensure I can pay my bills every week. Frankly, it's absolutely exhausting! And don't even get me started on how stressful it is to depend on extra hours coming from the bank list every week!”

Social care support worker, Band 3 – Northern Ireland

31. The Staff Side submission sets out a strong case for the NHS to adopt the Living Wage. It asks the Review Body to recommend that the NHS becomes a Living Wage employer, and that implementation issues, including the merger of Bands 1 and 2, are dealt with as part of the Agenda for Change (AfC) review talks.

32. The Living Wage is growing in reach as more and more major employers commit themselves to it. In the latest example, supermarket chain Lidl, will pay above the Living Wage for its 17,000 employees² and apply adjustments as necessary for future upratings. This is particularly significant because in many towns and cities the NHS is competing against retailers to recruit staff to the lower AfC bands.

33. UNISON believes that there is a strong appetite among NHS employers for the Living Wage – both as a moral position that employers in the business of caring should take, but also as a recruitment and retention measure.

34. By way of a Freedom of Information request in summer 2015, we asked NHS Trusts in England – including acute, community and mental health Trusts – about the Living Wage. We received an 84% response rate. The returns show that many Trusts are already using the freedoms available to them within AfC to address the Living Wage.

- 28% paid at least the Living Wage to all directly employed staff at the time of last settlement
- 19% have a policy to uprate their lowest rate annually to at least the Living Wage at every annual pay settlement
- 8% said they aspire to implement the Living Wage within the next two years.

35. Among those who are paying the Living Wage, some have achieved it through the effects of a High Cost Area Supplement, or because their local skill mix

² <http://www.bbc.co.uk/news/business-34281559>

means they do not use pay point 2. Others apply a pay supplement, for example one Trust said it is paying “*a supplement to bring the lowest A4C rate to the Living Wage from 1 Jan 2015.*”

36. A number of Trusts said the Living Wage was under active consideration, or there was a review underway. However there were also Trusts indicating that rather than introduce policies locally, they would prefer to wait for a nationally agreed process to address the Living Wage under Agenda for Change.

“We wish to fall in line with [the] national agreement across the NHS in England so our aspirations will depend on what happens nationally.”

“Would pay [it] if part of national scales.”

“Need change to national pay scales to pay Living Wage.”

Trusts responding to UNISON’s FoI request

37. UNISON believes this demonstrates the time has come for nationally co-ordinated implementation of the Living Wage for the NHS.

E) IMPACT OF TAX CREDITS CUTS ON NHS STAFF

38. The Staff Side evidence gave examples of the impact of the forthcoming changes to tax credit thresholds and the earnings taper from 1 April 2016, using AfC England basic salaries. These showed detrimental impacts extending up the pay structure as far as staff in Band 6 depending on their household and family circumstances.

39. Here we provide some more in-depth worked examples using job roles and total earnings estimates, and taking account of tax changes which would also come into effect on 1 April 2016.

40. The examples show the situation *before* any national pay rise due from April 2016 is applied, or any incremental rise that the individual may be entitled to.

EXAMPLE 1:

Patient transport services driver, one child

- Basic salary £17,800, Band 2, point 8
- No additional payments.

Without the changes to the tax credit threshold and taper they would be £80 pa better off next year as a result of the increase in the personal tax allowance. But when the changes to the tax credit threshold and taper are included they are £1,950.20 pa **worse off** because their tax credit has been cut by £2,030.

An uplift of 11% on basic salary would be required just to offset this loss.

Without the changes to tax credit threshold and taper			
Agenda for Change Band 2			
PTS driver			
£80 pa or £1.54 pw better off	Couple, one earner, full time, 1 child		
	April 2015	April 2016	Notes
Annual salary	£17,800.00	£17,800.00	1
Income Tax	-£1,440.00	-£1,360.00	2
NI	-£1,168.80	-£1,168.80	3
Child Benefit	£1,076.40	£1,076.40	4
WTC and CTC	£3,439.20	£3,439.20	5
Total income	£19,706.80	£19,786.80	

<u>With</u> the changes to tax credit threshold and taper			
Agenda for Change Band 2			
PTS driver			
£1,950.20 pa or £37.50 pw worse off	Couple, one earner, full time, 1 child		
	April 2015	April 2016	Notes
Annual salary	£17,800.00	£17,800.00	1
Income Tax	-£1,440.00	-£1,360.00	2
NI	-£1,168.80	-£1,168.80	3
Child Benefit	£1,076.40	£1,076.40	4
WTC and CTC	£3,439.20	£1,409.00	6
Total income	£19,706.80	£17,756.60	

EXAMPLE 2:

Healthcare assistant, one child

- Basic salary £16,210, Band 2, point 5
- + unsocial hours payments
- Total earnings £19,452

Without the changes to the tax credit threshold and taper they would be £80 pa better off next year as a result of the increase in the personal tax allowance. But when the changes to the tax credit threshold and taper are included they are £2,065.84 pa **worse off** because their tax credit has been cut by £2,145.84.

An uplift of 11% on earnings would be required just to offset this loss.

Without the changes to tax credit threshold and taper			
Agenda for Change Band 2			
Healthcare assistant			
£80pa or £1.54pw better off	Couple, one earner, full time, 1 child		
	April 2015	April 2016	Notes
Annual Pay	£19,452.00	£19,452.00	1
Income Tax	-£1,770.40	-£1,690.40	2
NI	-£1,367.04	-£1,367.04	3
Child Benefit	£1,076.40	£1,076.40	4
WTC and CTC	£2,761.88	£2,761.88	5
Total income	£20,152.84	£20,232.84	

<u>With</u> the changes to tax credit threshold and taper			
Agenda for Change Band 2			
Healthcare assistant			
£2065.84pa or £39.73pw worse off	Couple, one earner, full time, 1 child		
	April 2015	April 2016	Notes
Annual Pay	£19,452.00	£19,452.00	1
Income Tax	-£1,770.40	-£1,690.40	2
NI	-£1,367.04	-£1,367.04	3
Child Benefit	£1,076.40	£1,076.40	4
WTC and CTC	£2,761.88	£616.04	6
Total income	£20,152.84	£18,087.00	

EXAMPLE 3:

Nurse, three children

- Basic salary £26,041pa, Band 6, point 21
- + unsocial hours payments
- Total earnings £35,000

Without the changes to the tax credit threshold and taper they would be £80 pa better off next year as a result of the increase in the personal tax allowance. But when the changes to the tax credit threshold and taper are included they are £1,867.20 pa **worse off** because their tax credit has been cut by £1,947.20.

An uplift of 6% on earnings would be required just to offset this loss.

Without the changes to tax credit threshold and taper			
Agenda for Change Band 5			
Nurse			
£80pa or £1.54pw better off	Couple, one earner, full time, 3 children		
	April 2015	April 2016	Notes
Annual Pay	£35,000.00	£35,000.00	1
Income Tax	-£4,880.00	-£4,800.00	2
NI	-£3,232.80	-£3,232.80	3
Child Benefit	£2,501.20	£2,501.20	4
WTC and CTC	£1,947.20	£1,947.20	5
Total income	£31,335.60	£31,415.60	

<u>With</u> the changes to tax credit threshold and taper			
Agenda for Change Band 5			
Nurse			
£1,867.20pa or £35.91pw worse off	Couple, one earner, full time, 3 children		
	April 2015	April 2016	Notes
Annual Pay	£35,000.00	£35,000.00	1
Income Tax	-£4,880.00	-£4,800.00	2
NI	-£3,232.80	-£3,232.80	3
Child Benefit	£2,501.20	£2,501.20	4
WTC and CTC	£1,947.20	£0.00	6
Total income	£31,335.60	£29,468.40	

Notes to the tables

- Note 1 Before application of any pay rise or increment due
- Note 2 Income tax liability falls by £80 pa due to increase in personal tax allowance from £10,600 to £11,000 in April 2016
- Note 3 No change to the income level at which national insurance contributions start
- Note 4 Child Benefit frozen
- Note 5 Old threshold of £6,420 and taper of 41p in the £
- Note 6 New lower threshold of £3,850 and higher taper of 48p in the £ from April 2016

WTC = Working Tax Credit; CTC = Child Tax Credit

41. These tax credit changes will be considerable and painful for staff on NHS Agenda for Change pay rates and they provide an important backdrop to this year's pay round. Affected staff will be looking to their pay award to offset what could be a major deterioration in their living standards. Otherwise many will be forced to look elsewhere for additional income, exacerbating the recruitment and retention situation, and adding to the prevalence of long hours working and multi-jobbing which risks harming patient care.

F) UNISON AGENDA FOR NHS PAY

42. The Staff Side evidence set out how AfC salaries will have lost between 12% and 18% of their value since 2010. In addition, many staff will be losing considerable income from April 2016 through tax credits cuts. Staff will be paying more National Insurance as a result of pensions changes and many NHS staff will be paying higher employee pension contributions. All this adds up to real financial hardship, the strain of which is damaging staff health and well-being.

43. At the same time HR professionals, as well as UNISON members, are reporting a growing recruitment and retention crisis linked to falling pay, rising demand and growing workload pressures.

44. UNISON believes this amounts to a compelling case for comprehensive and substantial 'catch-up award' and a realigning of the pay scales in the four countries. We want to redress the unfairness suffered by NHS staff over the last five years so that they can face a challenging future for their services with a measure of security and dignity. We do not believe the NHS can continue to stand by and let staff who are responsible for the health of their local communities suffer hardship which affects their own and their families' health and well-being.

45. We have made the case for the Living Wage this year earlier in this submission. However we see this as just a start – UNISON believes the NHS needs to go further. The Living Wage assumes full take-up of tax credits at pre-cuts levels and also assumes that housing costs incurred are for social housing rather than private rent or mortgage repayments.

46. The Joseph Rowntree Foundation calculates a "Minimum Income Standard" (MIS) based on the income needed to achieve what the public believes is an adequate standard of living³. In 2015, single people need to earn at least £17,100 a year before tax to achieve the MIS. Couples with two children need to earn at least £20,000 each. On a 37.5-hour week this amounts to £8.75 per hour (single person) and £10.23 per hour (couple with two children).

³ <https://www.jrf.org.uk/report/minimum-income-standard-uk-2015>

47. We note that the Chancellor has partially acknowledged the need to make work pay by pledging that the statutory minimum wage for those aged 25 and over should reach £9 an hour by 2020.
48. Subsidising NHS staff to get by through reliance on in-work benefits and tax credits does not make economic sense, and leaves them vulnerable to changes in tapers and thresholds, with uncertain effects when earnings fluctuate. We want to end the situation where taxpayers are subsidising the NHS to continue to pay poverty wages.
49. In the light of this, the pay policies adopted by UNISON branches for 2015 reflect three objectives: the need for a decisive move against poverty pay in the NHS; the need for an across-the board catch-up award across all bands; and the desire to re-establish a consistent UK-wide pay structure.
50. To tackle poverty pay, UNISON's policy sets out the goal of £10 an hour as the minimum rate for the NHS. This will impact right up to the bottom of Band 4 so will need to be coupled with a process of pay band restructuring. To achieve this goal will require a process of substantial uplifts to lower bands – between 29% (England) and 27% (Scotland and Wales) at the bottom pay point; between 10% and 8% respectively at pay point 8; and falling away to less than 1% at points 11/12.
51. There is no doubt that these are substantial uplifts but funding for them could be released by channelling back to the NHS the savings/gains realised from reduced benefits spend and increased tax and National Insurance revenues. This policy would also have major benefits in terms of recruitment, morale, productivity and staff well-being and would show that the NHS truly values its staff.
52. UNISON branches are rightly concerned about the divergence in pay structures between the four UK countries, partly precipitated by adoption of Living Wage and low pay measures in some but not all countries. Our policy takes levelling up to the Scottish pay scales as its starting point. This will restore a consistent and transparent pay structure across the four countries, benefiting cross-border mobility and reflecting the principles of equal treatment and minimum standards that underpin our NHS.
53. To ensure an award weighted to the lower paid and which delivers a catch-up award that feels fair for all our hard-pressed staff, UNISON branches want to see a £1 an hour uplift for all pay points applied post-harmonisation to the Scottish scales.
54. The range of pay increases this would require across the countries is between 12% at the bottom and 2% at the top of the structure. This would deliver the £10 an hour minimum for all those above current Scottish pay point 11.

Pay for apprentices in the NHS

55. The NHS is employing an increasing number of apprentices across a range of clinical and non-clinical roles. In England for example, there were nearly 15,000 apprentice starts in 2014/15 and Health Education England has set a target for the NHS in England to take on another 17,500 during 2015/16. Training costs are currently funded in full for 16-18 year olds, and on a sliding scale for those aged 19+.
56. In 2014/15 two-thirds of apprentice starts in the NHS in England were existing staff. Around half of them were in clinical roles while the rest were in a wide range of other non-clinical roles, including administration, catering, maintenance trades, IT and customer service.
57. Half the apprentices taken on in England in 2014/15 were aged 25 and over. And 55% of them were doing training at level 2 on the Qualifications and Curriculum Framework, 39% at level 3 and only 6% at levels 4 or 5.
58. UNISON supports the use of high quality apprenticeships as a means of widening participation and enabling candidates from disadvantaged groups to gain a start in the NHS. We do have some concerns though about the crude target approach which measures apprenticeship starts, rather than completions, outcomes or the quality of training.
59. We are also concerned that there are wide variations in approach to setting apprentice pay rates. This brings with it the risk that some employers could seek to replace large numbers of substantive posts – that would have attracted full AfC salaries and provided on-the-job training – with apprenticeships in order to meet targets, and secure a supply of cheap labour.
60. The current statutory National Minimum Wage (NMW) rate for apprentices is £2.73 an hour (due to rise to £3.30 from October 2015), and applies to all 16-18 year-old apprentices, and to older apprentices in the first year.
61. Agenda for Change contains no specific provisions on pay for apprentices. However Annex U of the agreement covers ‘trainees’. Many Trusts are using this and most commonly applying para 2 (iii) – although often ignoring para 4) which provides that the adult rate NMW should be the absolute floor (see extract below).

Agenda for Change: Annex U

2 (iii) trainees who enter the NHS and undertake all their training whilst an employee. Typically these staff develop their knowledge and skills significantly during a period of time measured in years. Given the significant change in knowledge and skills...the use of JE is not appropriate. Pay should be determined as a percentage of the pay for qualified staff.

3) For trainees covered by para 2 (iii) where periods of training last for between one and four years, pay will be adjusted as follows:

- i) up to 12 months prior to completion of training: 75% of pay band maximum for the qualified rate
- ii) more than one but less than two years...70%
- iii) more than two but less than three years...65%
- iv) more than three years...60%

4) **Starting pay for any trainee must be no less than the rate of the main (adult) rate of the National Minimum Wage.** Where the calculation results in the NMW being payable for year two and beyond an addition to pay should be made on top...

5) On assimilation to the pay band following completion of training the trainee should enter either on the first pay point of the appropriate pay band or the next pay point above their training salary.

62. Band 1 and 2 jobs form a large proportion of current apprenticeships. Applying Annex U produces the following pay rates on the AfC England rates:

	75% of max	70% of max	65% of max
Band 1	£5.89	£5.50	£5.11
Band 2	£6.83	£6.37	£5.92

All but one of these fall below the current adult NMW rate of £6.50 (rising to £6.70 in October) which is stipulated as an absolute floor for pay by para 4) of Annex U.

63. Yet UNISON is aware of numerous examples of Trusts applying the proportion of the band maximum set out in Annex U but not applying the NMW floor. We have also found examples of pay rates for apprentices in the NHS which appear to bear no relation to Annex U or to the statutory NMW – for example an *“apprenticeship allowance of £200 per week as an alternative to paying a band 2 or 3 salary”* which equates to £5.33 an hour.

64. The examples in the table below were randomly selected from the government’s apprenticeship recruitment site in the week commencing 21st September. They illustrate a range of the pay levels in existence, and the difficulty in deciphering the basis for the pay decisions employers are making in relation to apprentices.

Job title	Apprenticeship level	Employer	Hourly rate
Health and social care apprentice	Intermediate	Hertfordshire Community NHS Trust	£3.79
Administration apprentice	Intermediate	Ipswich Hospital NHS Trust	£3.52
Cardiographer support worker apprentice	Intermediate	Walsall Hospitals NHS Trust	£3.30
Business administration/Podiatry booking clerk	Intermediate	Leicestershire Partnership NHS Trust	£3.33
Business administration support apprentice	Intermediate	East Kent Hospitals NHS Trust	£2.73
Ward housekeeping apprentice	Intermediate	County Durham and Darlington NHS Foundation Trust	£3.30
IT apprentice	Intermediate	Morecambe Bay NHS Trust	£3.30
Care support apprentice	Intermediate	King's College Hospital NHS Foundation Trust	£4.00
Apprentice clinical assistant	Intermediate	Lincolnshire Partnership NHS Foundation Trust	£4.40
Administration apprentice	Intermediate	Guy's & St Thomas' NHS Trust	£6.40
Therapy assistant apprentice	Intermediate	Homerton University Hospital NHS Foundation Trust	£7.13

65. The Autumn 2015 Comprehensive Spending Review is due to set out details of the government's proposed levy that will be applied from April 2017 to larger employers across the UK, based on payroll. This is linked to the government's apprenticeship programme for England. Employers that commit to training sufficient apprentices will recoup the money they have paid into the levy in the form of vouchers to spend on apprenticeship training. The devolved administrations will be responsible for deciding how to distribute their levy money.

66. We do not yet know the size of the levy, how many more apprentices NHS employers will have to take on in order to recoup what they have paid out in the levy, or how NHS employers will access the proceeds of the levy in the other three countries. We are concerned though that the levy could leave a sizeable hole in NHS employers' finances. In addition, someone successfully completing an apprenticeship is not guaranteed a job with that employer at the end of it, and the current free-for-all on apprentice pay levels could undermine the pay structure for the future.

RECOMMENDATIONS

UNISON asks the Review Body to:

1. Recognise the damaging effects of five years of pay restraint on morale, recruitment and retention in the NHS and to highlight the risks to service quality and patient care of its continuation.
2. Establish the principle that the NHS across the UK should now become a Living Wage employer and to recommend an uplift to meet the Living Wage rate due to be announced in November 2015.
3. Recommend that the talks on the review of the AfC structure deal with the practicalities of embedding the Living Wage taking account of
 - a. country-specific approaches to the Living Wage already in place and how these could be standardised
 - b. the prospect of a £9 an hour statutory minimum wage for 25 years+ by 2020
 - c. the case for merging of Bands 1 and 2.
4. Highlight to the government the severe impact of tax credit cuts for NHS staff on family incomes, recruitment and retention and morale – and to take account of this in its pay recommendations.
5. Recommend a roadmap for a £10 an hour minimum rate in the NHS as a decisive anti-poverty measure and a show of investment in staff and patient care.
6. Make recommendations which re-establish a UK-wide pay structure using the Scottish pay scales as the basis.
7. Apply a substantial catch-up award which is weighted towards the lowest paid but applies a 'feels fair' £1 an hour uplift for all staff.
8. Recognise and comment on the risk of exploitation of apprentices and undermining of AfC rates.
9. Flag up the potential financial impact on the NHS of an apprenticeship paybill levy.
10. Recommend that the current talks on the review of AfC address the issue of pay for apprentices to ensure that a pay framework for them is mainstreamed within AfC.