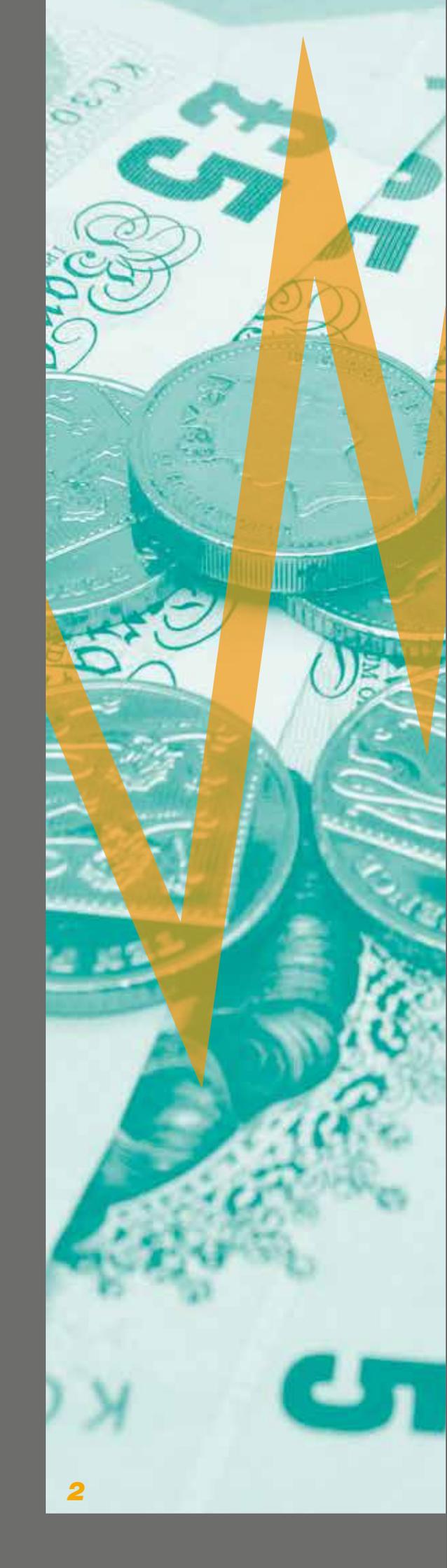




LOOKING FORWARD

**How should NHS pay
raises be set for 2022
and beyond?**

**A discussion paper from
UNISON**

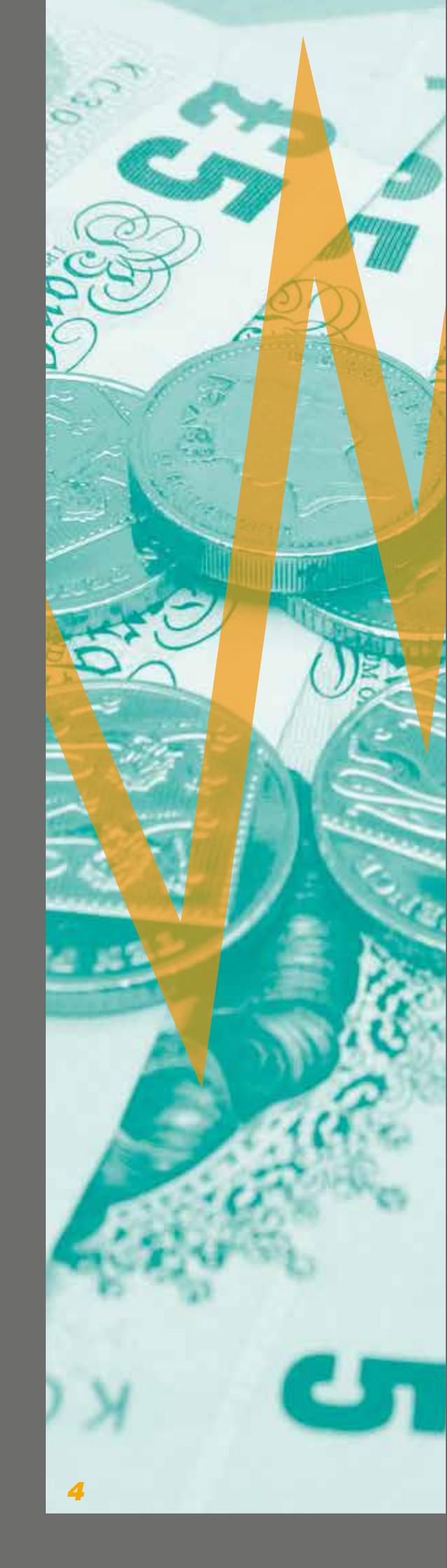


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1. Introduction

- 1.1 UNISON is the UK's largest trade union and the largest union in the healthcare sector. The pursuit of fair and decent pay for staff working in healthcare is part of our core purpose.
- 1.2 The current three-year pay deals in the NHS come to an end in March 2021. So our short-term priority is to develop a claim and a funding campaign for the pay settlement that will be due in April 2021. Branches and members will be engaged in this work through the spring and summer of 2020, with launch of the claim planned for September 2020.
- 1.3 This document looks to the medium term, past the next pay round, to how we might want to arrive at future pay settlements for 2022 and beyond.
- 1.4 UNISON (and our predecessor unions) has played a leading role in setting pay and conditions for the NHS through negotiations: through the old Whitley structures, the landmark Agenda for Change (AfC) negotiations; and continues to do so most recently through the 2018 AfC reform deals.
- 1.5 But we have also had to engage since 1983 with the Pay Review Body system for setting annual pay awards which in 2008 extended from nurses/midwives/health visitors and professions allied to medicine, to cover all AfC staff. We have submitted evidence to influence PRB recommendations and lobbied and campaigned around how Westminster and devolved governments have chosen to respond to those recommendations.
- 1.6 The impact of 'independent' Pay Review Bodies on NHS pay reflects a complex interplay with government policy on public services, industrial relations and public finances. For example, governments have on occasion chosen to delay, stage or ignore PRB recommendations (see appendix 1). And PRB outcomes have sometimes been accepted in full but not fully funded, requiring so-called 'efficiency savings' to cover the shortfall. The pay freeze and pay caps introduced by Tory-led governments post-2010 shackled the PRB so much that the process of submitting evidence felt increasingly meaningless.
- 1.7 The extent to which PRBs have ever been truly independent is open to question as they act on remits provided by governments, and government priorities such as local pay determination and targeting of awards. However, because their working methods involve consideration of evidence the PRBs have not been a complete government puppet either.
- 1.8 For example, in its 2012 special report on 'market facing pay' in England the NHS PRB declined to support moves to regional or localised pay. And in 2014 it recommended that the parties to the Staff Council should negotiate changes to facilitate seven-day services and suggested if agreement could not be reached it would be happy



to step in. When the Westminster coalition government then asked it to make recommendations on barriers to seven-day services – with a clear steer to consider cuts to terms and conditions such as unsocial hours – the PRB concluded that these terms and conditions were not barriers.

- 1.9 As well as the interplay with government policy, PRBs have always co-existed with collective bargaining. Throughout PRB history recommendations have been made in relation to pay rates, structures and reforms which are the products of collective bargaining. This has included clinical grading for nursing staff and the advent of Agenda for Change.
- 1.10 From 1983 until 2007 the NHS had a mixed economy with PRBs recommending pay rises for their groups, and Whitley council structures negotiating pay settlements for the other parts of the workforce. In 2008 everyone came under the reconstituted NHS PRB but in some years multi-year deals have seen the PRB relegated to a watching brief, only to resume recommending pay awards when those deals have ended (see appendix 1).
- 1.11 It is notable that the major instances of industrial action in relation to AfC pay have centred on both a PRB outcome and a collective bargaining process: members in England took action because a PRB recommendation was not accepted by government in 2014/15; while the 2019/20 action in Northern Ireland related to failure to reach a collective agreement.
- 1.12 Soon after the inception of the expanded NHS PRB in 2008 the dynamics of devolution and differing political attitudes to austerity and low pay have led to increasing four country divergence in pay rates. The dynamics of devolved funding have also come to the fore. The pay outcome for England shapes Westminster spending decisions which feed through into additional funding for the devolved administrations. Devolved administrations then make political choices about finding additional funds from elsewhere to devote to pay outcomes.

Background to this consultation

- 1.13 Successive UNISON health conference debates have posed a binary choice between the PRB and collective bargaining. The reality is always more complex than a conference debate and whatever method is used to arrive at annual pay settlements the outcome stands or falls by how effective the unions are in securing government funding for pay increases.
- 1.14 In 2019 UNISON's health conference passed a resolution (motion 9) Pay determination beyond 2022. In the context of the three-year negotiated pay and reform deals the motion highlighted the opportunity to review UNISON's policy position on pay determination and decide what mechanism we will work to put in place over the coming years. The motion called on the Health Service Group

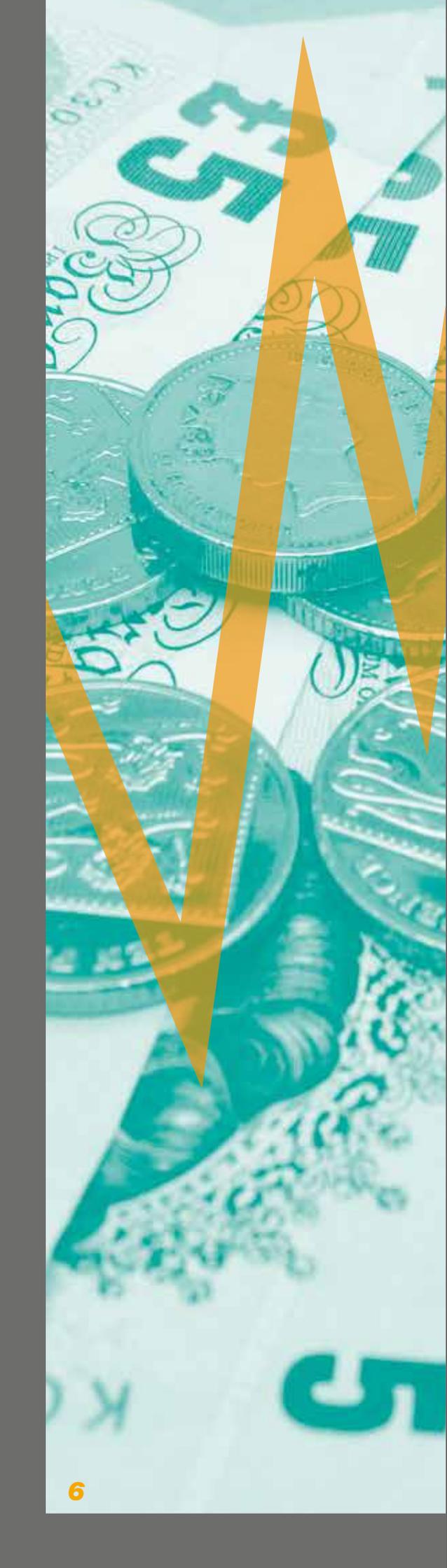
Executive (HSGE) to work with regions and relevant lay committees, including those covering the devolved administrations, to scope the options for future pay determination beyond 2022. Proposals should:

Reflect our aim for UK-wide consistency on pay and pay structures and recognise the realities of devolved public-sector and NHS pay settlements.

Make clear that UNISON will represent members' pay interests through whatever 'official' mechanisms are in place.

Take account of the positions likely to be taken by other NHS trade unions on this issue.

- 1.15 In implementing this resolution the HSGE wishes to engage in a comprehensive consultation and engagement exercise with branches, regions and country health committees. The economic and political context in which we will be operating once the 2018 deals come to an end make this the right time to ask ourselves some fundamental questions.



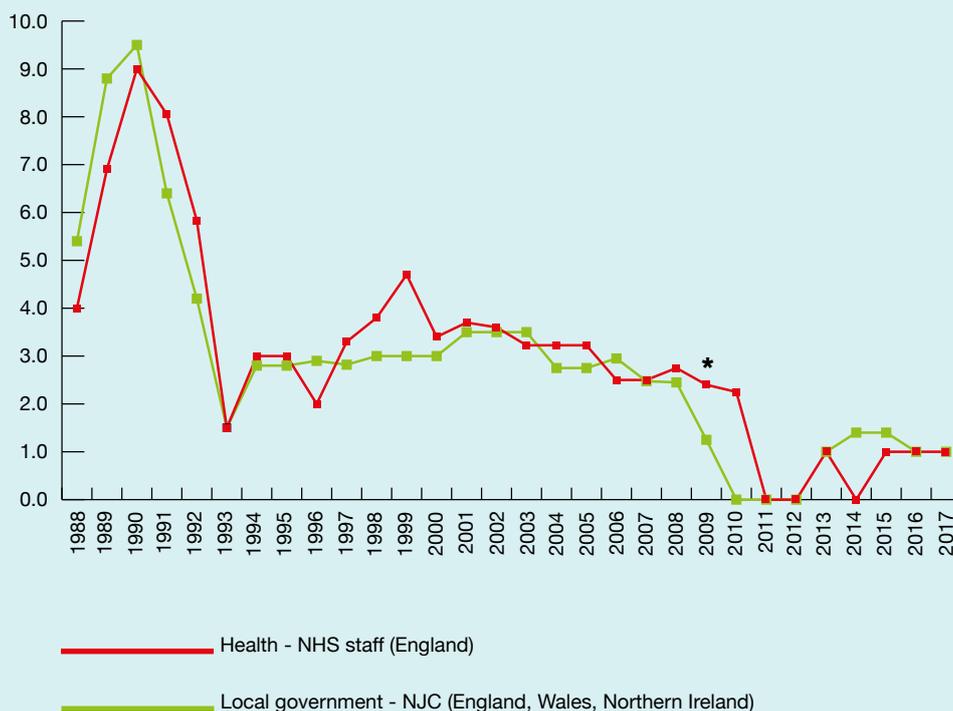
2. Where do we want to go?

- 2.1 At the end of the consultation exercise the HSGE will want to use the results to inform a policy recommendation about which of two broad directions we formally commit to:
 - 2.1.1 Pragmatic opportunism – going with the flow each year, seeking to maximise our influence in the light of events and accepting that we may end up in a collective bargaining-led or a PRB-led process according to circumstances
 - 2.1.2 Formal and pro-active policy change – devoting energy and resources to trying to achieve a decisive change in how pay rises are determined. That could be pursued on a UK-wide basis or we could go for it initially in the country or countries that offer the best conditions for collective bargaining.
- 2.2 Within each broad direction there are a number of possible models – some of which could be staging posts on the way to more fundamental change. Appendix 3 sets out some illustrative examples which are intended to be helpful to regions and branches in discussing the possibilities open to us.
- 2.3 In deciding our future direction we need to ask ourselves how can we be most effective in recruiting and organising? How do we best achieve UNISON goals for improvements to pay and conditions in healthcare? And how can we most effectively resist any political threats to Agenda for Change?

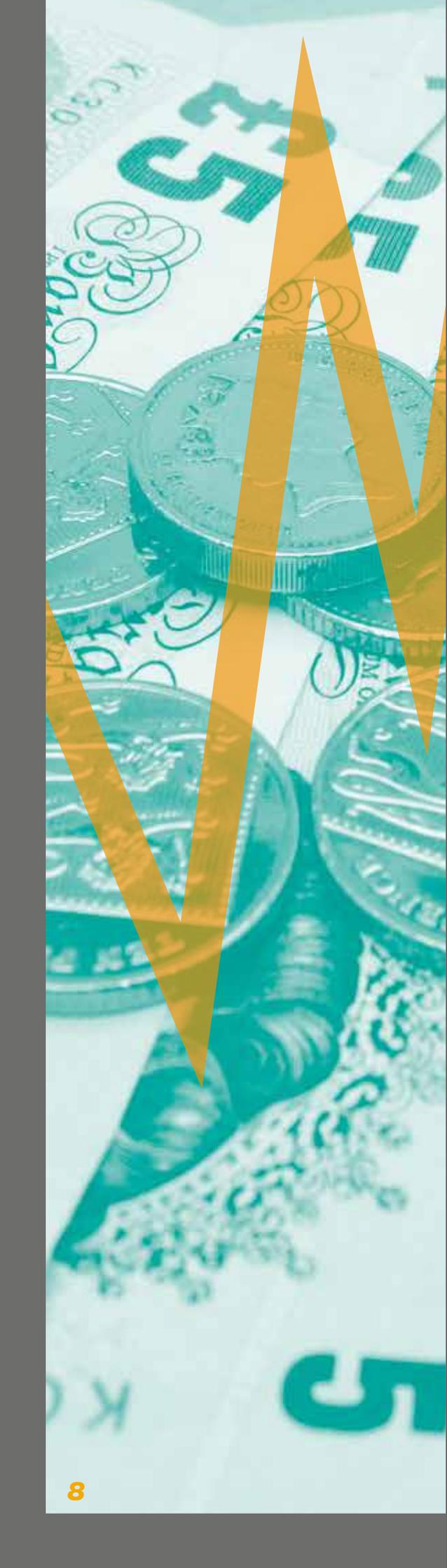
3. Pay Review Body (PRB) vs bargaining – what’s the verdict?

- 3.1 Since 1983 annual pay settlements for Nursing, Midwifery, Health Visiting and Professions Allied to Medicine (PAM) have come under the Pay Review Body (PRB) system. From 2008 this was extended to cover the whole Agenda for Change workforce across the UK. The PRB is a body of experts in the fields of economics/HR/healthcare workforce policy supported by a secretariat of civil servants in the Office of Manpower Economics. They are asked by the Westminster and devolved governments to make recommendations on pay uplifts by gathering and assessing evidence about recruitment and retention; workforce motivation and morale; and affordability.
- 3.2 UNISON and our sister unions in the NHS submit evidence to the PRB about the pay uplifts we think NHS staff should get. This is considered alongside evidence submitted by NHS employer bodies and the governments from all four UK countries. The PRB makes recommendations to the governments about pay uplifts and they then decide whether to implement them or not.
- 3.3 A rough picture of how the PRB system compares to collective bargaining (where unions submit pay claims and negotiate annual pay settlements with employer bodies) can be seen by using Local Government National Joint Council (NJC) outcomes as a comparator. For simplicity we have used the nursing etc and PAM PRB and then the NHS PRB headline outcomes for England and plotted these against the Local Government NJC headline outcomes.

Pay award by year, percentage change



*A collective agreement covered part of pay changes in the NHS 2008-10

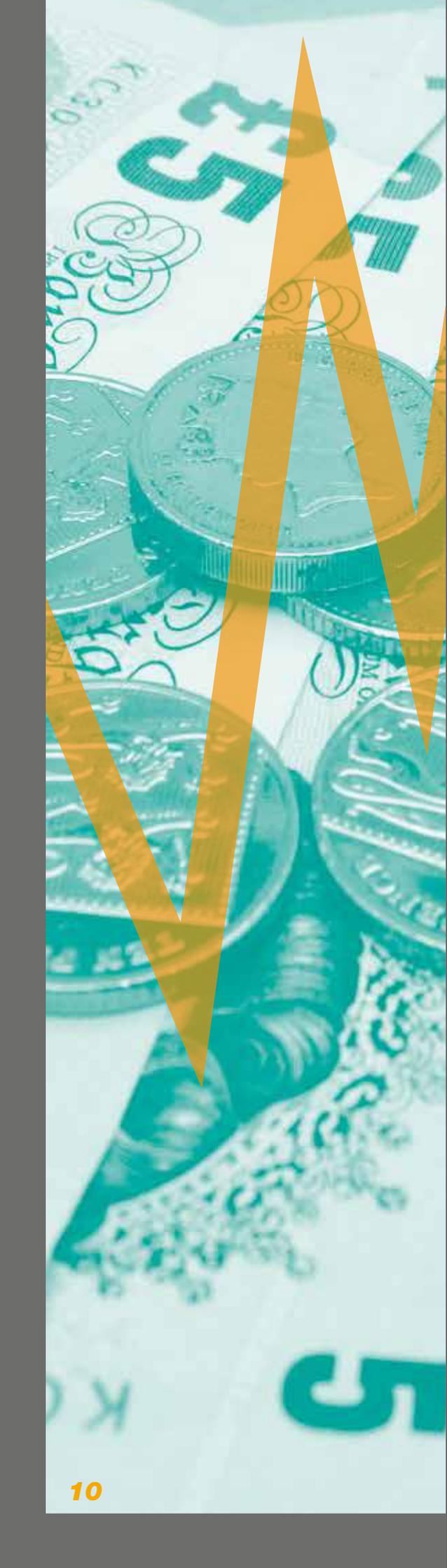
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- 3.4 The broad trend is very similar across the two sectors reflecting the political and public finance environment of the time. The over-riding conclusion is that government funding policy is the dominant factor in pay outcomes. This means that first and foremost we need to consider how best to challenge governments in this area.
- 3.5 However looking at figures based on headline pay awards hides important features such as low pay measures, re-banding agreements or other aspects that we might assume would be more likely in negotiated settlements than in PRB processes. In particular, in the NHS, these headline figures disguise both the introduction of the Agenda for Change job evaluation scheme and the changes to pay that it brought about, as well as additional measures affecting the lowest paid staff in the early 2010s, and in subsequent negotiated deals. And in local government some of the headline awards shown on the graph hide substantial restructuring and larger pay rises at the lower end of the structure.
- 3.6 So in considering the case for change we also need to look at which method of pay determination gives us the greatest scope to achieve our goals for how any funding for pay uplifts is distributed among different parts of the workforce. And we need to consider what other benefits, beyond pay outcomes, a change could deliver for us. Would a move to full collective bargaining bring benefits in terms of recruitment and organisation and industrial strength by making us more relevant and important to members and potential members? On the other hand, would taking on greater responsibilities within the pay determination process expose us to greater reputational risk if we do not have the maturity necessary for this at all levels within the union?

4. The PRB and public sector pay policy – where are we now?

- 4.1 Government austerity pay policies introduced in 2010/11 saw seven years where headline pay outcomes in the NHS (and the rest of the public sector) were zero or 1% – only ending with the 2018 negotiated pay deals. The position was tempered for the lowest paid by the Welsh and Scottish governments' living wage policies, and the Scottish government's ongoing policy of higher increases for those earning up to £22,000. These pay policy decisions by the Scottish and Welsh governments have required them to find and commit additional local funding as they were not factored into Barnett consequentials. Meanwhile in Northern Ireland political failings forced members into major industrial action in their fight to restore the ground lost in pay rounds where they were left behind.
- 4.2 The Westminster government's formal pay austerity policy finally came to an end amid the chaos of the 2017 general election result. Vigorous campaigning against the pay cap meant that UNISON could seize upon the political space that opened up and gain agreement for negotiations on a pay and reform package, with government funding to implement it. The AfC deal was the first to break the 1% pay cap and the only one to secure full Westminster government funding.
- 4.3 The long years of austerity pay have eroded faith in the PRB among NHS staff. The effects of this are being felt not just here in UNISON but in other NHS unions too. The professional bodies have traditionally expressed strong support for the PRB system which has covered their membership groups since 1983, but this support may now be more open to review in light of recent experiences. UNISON Scotland is leading the way in exploring these issues on a joint union and tripartite basis. Progress made in Scotland will be highly instructive for the rest of the UK.

Processes up in the air

- 4.4 At a basic level PRB processes have been thrown off course. The usual timetable of Treasury remit in July with a September deadline for written submissions has been increasingly delayed in recent rounds. And the government's 2017 decision to move from spring Budgets to autumn ones did not work well with the PRB timetable. Furthermore, the Scottish government has only published its draft budget and public sector pay policy in December in order to take account of Westminster budgetary and spending decisions.
- 4.5 The delayed timeline, which has seen PRB reports only being completed in May, has not mattered while no recommendations on pay are being made. For the years 2018-2021 the PRB role has been relegated to a 'watching brief' to make general observations on recruitment, retention and the impact of the pay deals.



Crucially the Scottish government has declined to give any remit at all.

- 4.6 This ‘watching brief’ period has seen attempts to steer the PRB towards political whims, for example in the 2019/20 round health secretary Matt Hancock asked for PRB recommendations on recruitment and retention premiums (RRPs) for IT staff in England, while Northern Ireland civil officials asked for observations on difficult to fill nurse specialisms and the case for an RRP. The PRB declined to take these forward in the absence of concrete evidence to back them up.
- 4.7 At the time of writing the Johnson government has not announced a formal public sector pay policy. The only example of a concrete pay statement applies to teaching where the School Teachers Review Body has been given a remit for 2020 to substantially increase starting pay: “...a significant uplift in the starting salary of classroom teachers is required. The government has announced its intention to increase starting salaries to £30,000 nationally by September 2022.”
- 4.8 The Johnson government’s rhetoric about valuing NHS staff has to date lacked any substance when it comes to pay. So pay determination for 2021/22 and beyond is an open question. But the default position would be for the Westminster government to revert to asking the PRB to make recommendations again. If this were to happen it would be for each of the devolved administrations to decide whether to follow suit. The position the Scottish government would take is particularly open to question given that it has declined to give remits during the three-year deal and is likely to want to operate within the parameters of its own public sector wide pay policy.

Return of the PRB – would it be more of the same?

- 4.9 Even without a hard government pay cap, ‘affordability’ is a key element in the PRB’s standing remit. By way of illustration, in the 1% pay cap years the PRB did not simply take 1% as read:

*“The evidence of **very serious affordability pressures**, no significant nationwide recruitment and retention issues related to pay, and suggestions that reducing workload pressures could have a positive impact on staff morale, made us **give serious consideration to the case for a nil pay award.**”*

- 4.10 The PRB did recommend 1% increases in the years where the cap applied because to recommend less would have a negative impact on staff morale as an ‘expectation’ had been set. However, it made clear that it would have liked to recommend targeted increases where some staff groups would get more than 1% paid for by awarding other groups less:

*“There is, however, **clearly a case for pay targeting** given that there are recruitment and retention pressures*

in certain occupational groups and in some geographical areas”.

- 4.11 And UNISON attempts to argue for additional uplifts for the lowest paid have never received a hearing:

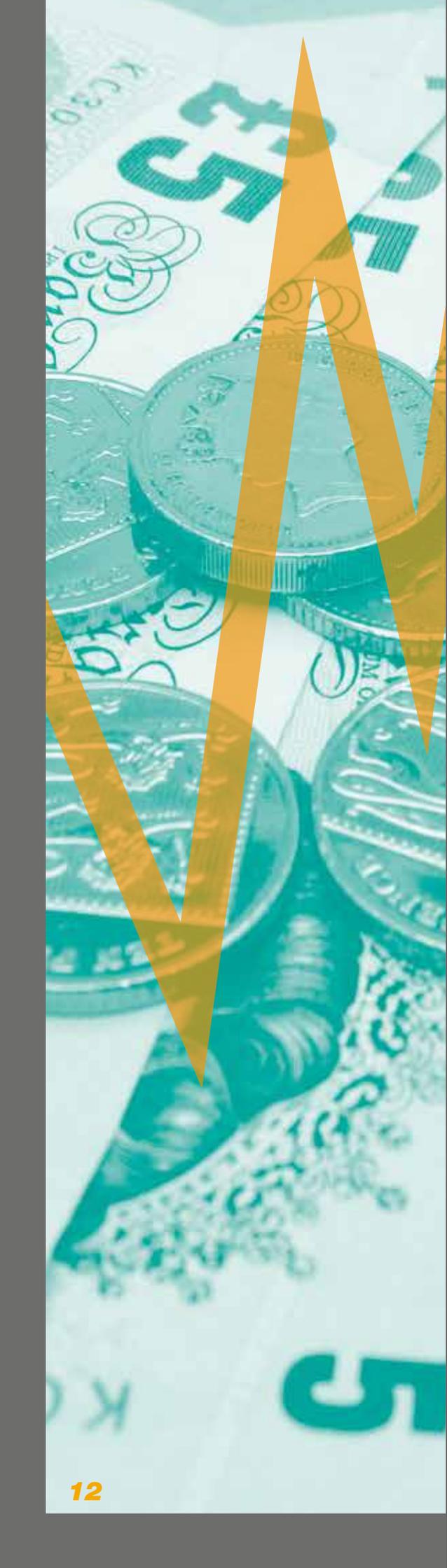
*“We continue to consider the National Living Wage to be a social policy with **no compelling recruitment and retention reasons to support higher increases to lower paid groups in the NHS.**”*

- 4.12 The last time the PRB made a pay recommendation (2017/18) it did raise serious concerns about the sustainability of the government’s pay austerity policy and offered advice about how an exit from this policy should be approached:

*“The current rigid pay policy could be storing up problems for the future. The question is how, and when, to introduce greater flexibility... One possibility would be if the Government allowed **targeting to alleviate recruitment and retention problems from outside of the one per cent cap.** This would require funding to be provided appropriately.”*

- 4.13 As we approach the 2021/22 pay round the Chair of the PRB and several members are new and have not yet presided over recommending pay awards. We don’t know whether they will pick up where their predecessors left off, or will want to approach any remit they are given post the 1% cap with fresh thinking.

- 4.14 In summary, the risks of returning to PRB-as-usual could include a Johnson government asking the PRB to make recommendations on regional pay; targeted pay; preferential pay treatment for particular occupational groups – nurses for example; or performance-related pay awards. If this is accompanied by greater effort to back these up with the type of data that the PRB has repeatedly asked for, we could see the PRB making damaging recommendations in this area. And if the PRB does not go as far as the government would like they may seek to ignore or augment any recommendations.



5. Scoping the options

- 5.1 The HSGE will want to make an assessment about how far and how fast to push for any change.
- 5.2 As discussed above we are used to operating in a mix and match environment where some years we arrive at a pay settlement through collective bargaining and downgrading the role of the PRB, while other years the full PRB process holds sway. This means that for branches the full programme of work for collective bargaining has not been an annual business as usual requirement. Consequently, less time and fewer resources are needed in some years but doing the work to secure member engagement in collective bargaining processes is harder in those years when it is required.
- 5.3 One option would be to work on developing ways for branches to engage members more in years where we are in a PRB-led pay round. This could include member involvement in developing a pay 'claim' that forms the basis of PRB evidence; pushing to open up the PRB process to more scrutiny; and doing member temperature testing in advance about potential PRB outcomes.
- 5.4 On the other hand a move to full collective bargaining would require all health branches to be ready each year to
 - 5.4.1 organise member engagement and input to help shape the pay claim
 - 5.4.2 involve and update members at key stages during the negotiation process
 - 5.4.3 organise to maximise participation in consultative ballots on pay offers – ensuring members have the information they need about the offer, the union's position on it and how they can have their say
 - 5.4.4 deal with member enquiries about the offer and the ballot process
 - 5.4.5 communicate the outcomes and next steps required of members
 - 5.4.6 mobilise members to act in the event of disputes
- 5.5 Engaging in continuous collective bargaining would require continuous work to build industrial strength to back up our bargaining positions. The analysis in paras 6.6 to 6.10 on member participation highlighted that consultative ballot response rates were a significant improvement on previous exercises. Yet they still fell short of the 50% threshold we need (outside Northern Ireland) in a national industrial action ballot.
- 5.6 We would also need to invest time and effort to
 - 5.6.1 improve the functioning of the Staff Council and country negotiating bodies including the make-up of employer sides
 - 5.6.2 review staff side composition within each country's

bargaining structures including how UNISON and BAOT would work together to maximise our democratic accountability and effectiveness

5.7 The starting point for scoping is the 'Do Nothing' option so it is worth reminding ourselves of the current standing of the PRB that we might seek to unpick. The AfC handbook provides the contractual position. Section 1.2 defines coverage of the handbook as 'staff within the remit of the NHSPRB'.

5.8 Section 40.4 states the primacy of the PRB with regard to pay settlements:

The NHS Staff Council will not negotiate pay settlements. However, the Government, employers and representatives of staff organisations, may initiate consultation in the Council where they believe recommendations by the NHS Pay Review Body may have brought pay out of line, for jobs of broadly equal weight, in a way which may not be justifiable under the relevant legislation. The NHS Staff Council may then draw this to the attention of the NHS Pay Review Body to consider possible corrective action.

5.9 Sections 40.21-40.23 allow government, employers and/or unions to make representations to the PRB for differential awards for different bands or for adjusting the differentials between bands or for national recruitment and retention premia (RRPs). The PRB is responsible for reviewing, adjusting or withdrawing national RRP.

5.10 The PRB also has a formal role in relation to high cost area supplements (HCAS):

"The value of the supplement is reviewed annually based on the recommendations of the NHSPRB [s4.3]...It will be open to the NHSPRB to make recommendations on the future geographic coverage of high cost area supplements and on the value of such supplements [s4.8]"

5.11 Finally section 40.16 makes clear that changes to the PRB role can only be made with political approval:

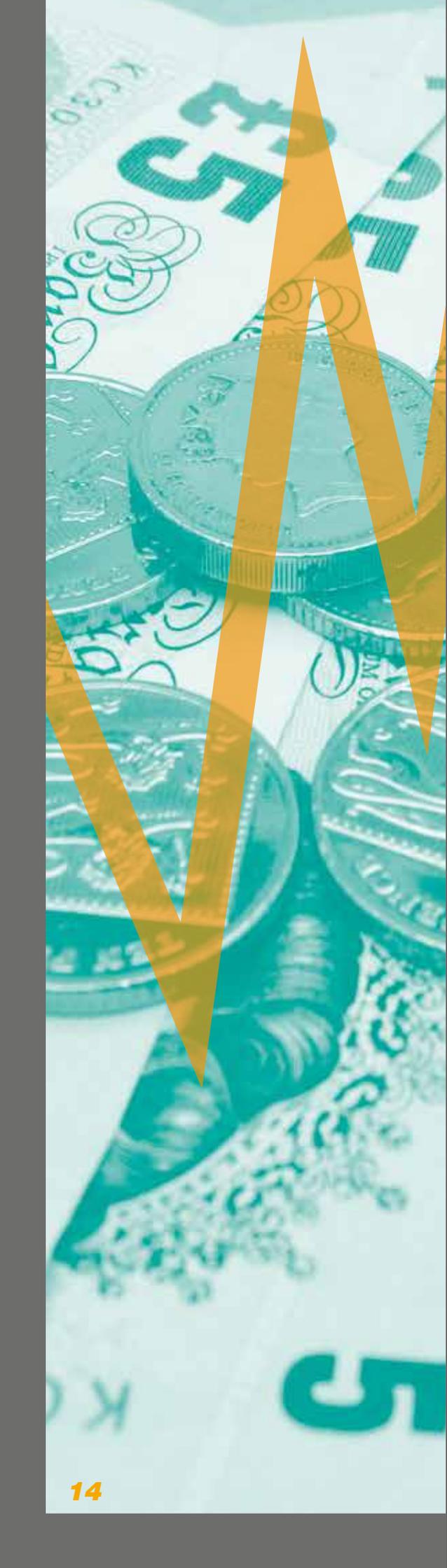
"Changes to the operation of the NHS pay review bodies are approved by the Prime Minister, the Secretary of State for Health, the First Ministers for Scotland and Wales and the First Minister, Deputy First Minister and Minister for Health, Social Services and Public Safety in Northern Ireland."

5.12 **Appendix 3** of this document sets out some illustrative models to help stimulate discussion. These include:

5.12.1 keeping or tweaking the current PRB role

5.12.2 options for downgrading the PRB's role in favour of more collective bargaining, perhaps as a staging post, or to allow for change happening at different speeds between countries, or to have it there as a fallback

5.12.3 options for collective bargaining that would involve disbanding the PRB altogether.

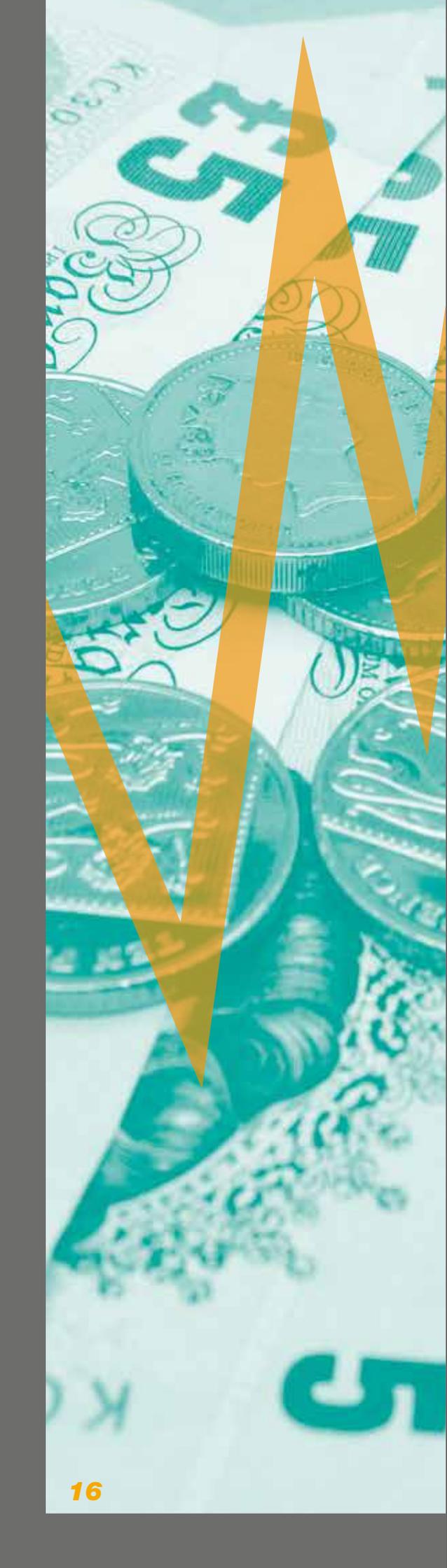


6 Considerations for change

- 6.1 The 2018 deals were possible because they contained negotiated restructuring of the kind that has periodically set aside the usual PRB process (eg 2008-11). On previous occasions the PRB has simply resumed its usual role in the following pay round.
- 6.2 The experience of negotiating the three-year reform deals showed that through a collective bargaining process UNISON was able to achieve key priorities that had not been achievable via the PRB. These were set out in conference policy on the AfC refresh and included tackling low pay through raising pay at the bottom of the structure and the closing of band 1. Year after year the PRB concluded that there was no evidence of recruitment and retention problems to justify higher increases for the lowest paid. But in negotiations we were able to get the employers to admit that these problems did in fact exist.
- 6.3 In considering whether to expend effort in pushing for a pro-active change in the method of pay determination we need to establish some key criteria to assess possible change options against. The HSGE believes these should include:
 - a. Feasibility, time and effort
 - b. Additional capacity and resources required to operate the system – and any requirement to de-prioritise other work
 - c. Appetite and capacity of branches to fulfil democratic participation and organising obligations
 - d. Likely support or opposition from other unions
 - e. Likely support or opposition from employers and governments
 - f. Ability to achieve UNISON priorities such as improving low pay
 - g. Ability to maintain a UK framework and consistency between countries
 - h. Ability to resist any hostile pay policy initiatives from the Johnson government
 - i. Level of influence we can exert over funding for pay awards
 - j. Whether it enhances our ability to recruit and organise
 - k. Opportunities for member engagement and participation
- 6.4 The HSGE would like to hear views from branches and regions about whether these are the right criteria to use and whether there are others to add.

Member participation

- 6.5 The following analysis of recent consultations around PRB and negotiated pay outcomes gives some initial insight about member participation levels.
- 6.6 In the 2016/17 pay round a branch-led consultation process resulted in a very low turnout, with 53 health branches in England responding, a branch response rate of around 22%.
- 6.7 In the 2017/18 pay round a branch-led consultation process on the government's decision to apply the PRB's 1% recommendation resulted in a slightly increased response rate from branches in England. Ninety branches responded, giving a response rate of just over one-third of branches. However, branches had to describe how they had arrived at a decision in the consultation process. Recorded instances of direct member engagement were low across all branches, with only a small number of branches attempting an all-member consultation process. Where branches had run surveys or ballot events the recorded participation rate was very low when compared to membership numbers.
- 6.8 In both years branch engagement levels were higher in Cymru/Wales, Scotland and Northern Ireland as branches responded at events which they all attended.
- 6.9 In comparison, in the full consultative ballot process on a negotiated pay deal in 2018, responses were received from members in every UNISON branch and in-scope employer. The member turnout rates in the England, Cymru/Wales and Scotland ballots were higher than those achieved in recent memory.
- 6.10 We should not draw too many conclusions from the above about the link between levels of participation and the process by which pay outcomes were arrived at. The 2018 deals involved major changes to the pay structure which would always generate more interest from members than a straight across the board increase to existing structures, especially in the context of a pre-established pay cap. But the ability to involve members in shaping a claim; keep them engaged during negotiations; and give them the final say on whether to accept a pay package does provide a lot of scope for genuine member participation.
- 6.11 The HSGE wants to engage the views of regions and branches in considering whether UNISON should actively push for changes to the business as usual process for annual pay awards – and how far those changes should go. The HSGE will also consider the views of other stakeholders and is keen to use the contents of this document as a basis for discussions with other unions as well. We will also need to engage and influence employer views and those of the Westminster and devolved governments. Any significant change would require buy-in from all these parties. Discussions already underway in Scotland involving the NHS trade unions, government and employers are providing a lead in this area.



7. HSGE consultation process

7.1 Timeline

- Feb-Sept 2020: Regions lead consultation process with branch activists
- July 2020: HSGE AGM strategy workshop
- Sep-Oct 2020: Collation and analysis of feedback from regions; production of a report on the outcomes
- Nov 2020: HSGE agrees next steps and formulates strategic motion for debate at 2021 Conference

7.2 Actions for regions

7.2.1 Regions are asked to:

- 7.2.1.1 Circulate this discussion document widely among branch activists
- 7.2.1.2 Organise workshop discussions led by regional health committees using materials and input provided by the service group
- 7.2.1.3 Ensure an inclusive approach which enables wide-ranging discussion and debate of the issues and maximise branch participation
- 7.2.1.4 Work with the service group to capture and collate feedback to the HSGE under the following headings
- Direction of travel as set out in para 2.1
 - Criteria the HSGE should use for assessing options
 - Resource considerations for branches and regions
 - Risks and opportunities the HSGE should take into account

Appendix 1 – NHS PRB outcomes

1983- 2007 The PRB for Nursing staff, Midwives and Health Visitors and the PRB for Professions Allied to Medicine produced their first reports in 1984. In 2003 the first report of the combined PRB covering nursing etc staff and PAMs was produced. Pay for other staff groups was set through collective bargaining in the Whitley Council joint negotiating bodies.

2007/8 Nursing and Other Health Professionals PRB

Recommendation of 2.5% across the board.

Government decisions:

England: 2.5%: staged 1.5% paid in April and rest from November – government cited its inflation target as reason for not accepting PRB award in full.

Cymru/Wales: 2.5% in full from April 2007

Northern Ireland: 2.5% in full from April 2007

Scotland: 2.5% in full from April 2007

Pay Negotiating Council (PNC)

Agreement for 2.5% general award with additional elements which were also applied to PRB groups. £400 flat rate uplift for scps 1-7; additional £38 for staff on scps 8-18; and £38 a year for 2007-10 for bands 5 to 8A towards professional registration fees. The flat rate elements were applied from November in Cymru/Wales, Scotland and Northern Ireland.

2008-11 PRB renamed as NHS PRB and extended to cover whole non-medical workforce, and Northern Ireland.

2.75% across the board recommendation for 2008/9 implemented in full as part of subsequently negotiated UK-wide three year deal.

- 2008/9 2.75%
- 2009/10 2.4% plus deletion of bottom point and restructuring of bands 5 and 6
- 2010/11 2.25% (or flat rate £420 for scps 1-12)

PRB watching brief for 2009/10 and 2010/11. Option to request a remit to review increases in the event of significant and material change to conditions not triggered.

2011/12 Government emergency budget announces two-year public sector pay freeze policy.

PRB given remit to make recommendations for

those earning £21k or less. General government policy position is for increases of 'at least' £250 for this group.

PRB recommendation of £250 for scps 1-15 implemented across UK.

In addition, Living wage policy applied in Scotland – scp 1 not used.

2012/13 Repeat of outcomes for 2011/12

[2012]

[PRB delivers on Westminster government request for a report on 'Market-facing pay' covering NHS in England. *Market-Facing Pay: How Agenda for Change pay can be made more appropriate to local labour markets* concludes that AfC contains enough flexibilities and there is no evidence to support development of localised pay rates.]

2013/14 PRB recommendation of 1% implemented across the UK

Scotland government:

- Topped up to total of £250 through additional non-consol award for pay points below £21,000
- Living wage policy applied

2014/15 PRB recommends 1% across the board across the UK BUT

Government decisions vary:

England: 0% with 1% non-consol for those at top of band imposed

Northern Ireland: 0% with 1% non-consol for those at top of band imposed

Cymru/Wales: negotiated two year settlement. Year 1: £187 non-consol for all staff + Living wage supplement

Scotland: Accepts PRB recommendation for 1% consolidated and implements Scottish government pay policy:

- £300 consolidated for those on £21k or less
- Living wage applied

2015/16 England

No remit to PRB for pay awards. Special remit to make observations on seven-day services.

Negotiated settlement to 2014 pay dispute:

2.1%-5.6% increases for staff on scps 1-8

1% scps 9-42

0% scps 43-54

Incremental freeze for scps 34-54

Scotland

Only country to give PRB a remit. Accepts recommendation of 1% across the board and also applies Scottish government pay policy:

- £300 consolidated for those on £21k or less
- Living wage applied

Cymru/Wales

No remit to PRB for pay awards. Special remit to make observations on seven-day services.

Negotiated two-year settlement.

Year 2: 1% all scps + Living Wage supplement

Northern Ireland

No remit to PRB for pay awards. Special remit to make observations on seven-day services.

0% (except 1% non-consol for those at top of band) imposed

2016/17 PRB recommendation of 1% implemented across the UK

Additions:

Cymru/Wales: Living Wage supplement

Scotland: Scottish government pay policy

- £400 consolidated for those on less than £22k
- Living wage applied (scp 2 deleted and additional uplift on scp 3)

2017/18 PRB recommendation of 1% implemented across the UK

Additions:

Cymru/Wales: Living Wage supplement

Scotland: Scottish government pay policy

- £400 consolidated for those on £22k or less
- Living wage applied

2018-2021 Current negotiated pay deals

Appendix 2 – reformed AfC structure (2020/21 rates)

England, Cymru/Wales and Northern Ireland¹ rates

	Spot rate
Band 1	£18,005

	Entry		Full
Band 2	£18,005	2 years	£19,337
Band 3	£19,737	2 years	£21,142

	Entry		Full
Band 4	£21,892	3 years	£24,157

	Entry		Intermediate		Full rate
Band 5	£24,907	2 years	£26,970	2 years	£30,615

	Entry		Intermediate		Full rate
Band 6	£31,365	2 years	£33,176	3 years	£37,890
Band 7	£38,890	2 years	£40,894	3 years	£44,503

	Entry		Full rate
Band 8a	£45,753	5 years	£51,668
Band 8b	£53,168	5 years	£62,001
Band 8c	£63,751	5 years	£73,664
Band 8d	£75,914	5 years	£87,754
Band 9	£91,004	5 years	£104,927

¹In Northern Ireland will apply if accepted in member consultation following dispute

Scotland rates

	Spot rate
Band 1	£18,478

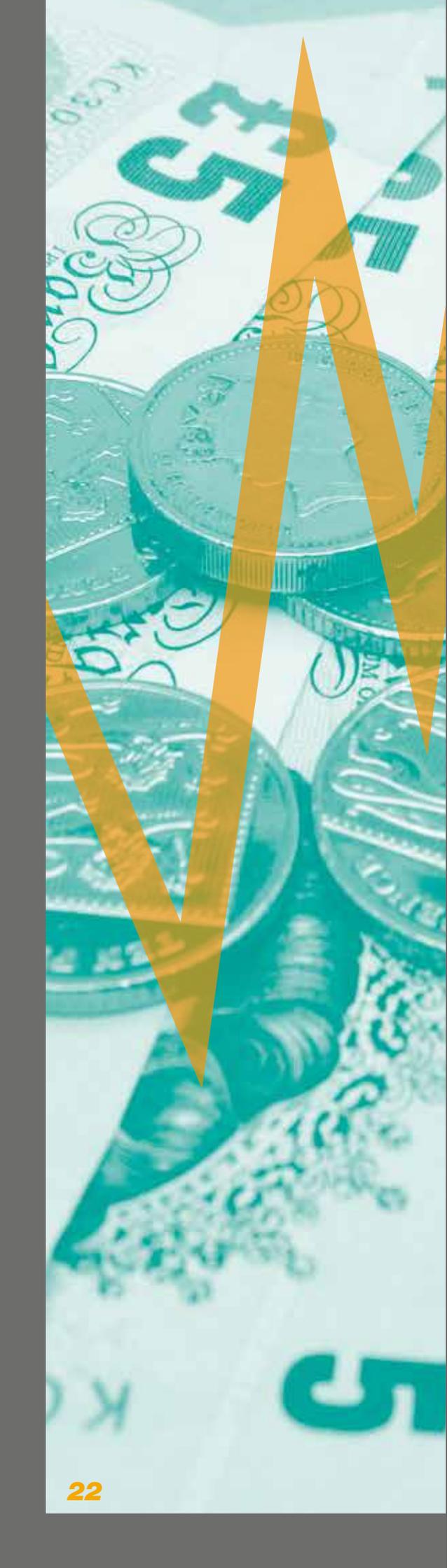
	Entry		Full
Band 2	£18,600	2 years	£20,606
Band 3	£20,700	2 years	£22,594

	Entry		Full
Band 4	£22,700	3 years	£24,973

	Entry		Intermediate		Full rate
Band 5	£25,100	2 years	£26,970	2 years	£31,649

	Entry		Intermediate		Full rate
Band 6	£31,800	2 years	£33,305	3 years	£39,169
Band 7	£39,300	2 years	£40,894	3 years	£46,006

	Entry		Full rate
Band 8a	£49,480	5 years	£53,414
Band 8b	£59,539	5 years	£64,095
Band 8c	£71,365	5 years	£76,914
Band 8d	£85,811	5 years	£89,732
Band 9	£102,558	5 years	£107,250



Appendix 3 – illustrative pay determination models

7.3 This section sets out some options for future pay determination models. This is not an exhaustive list but an attempt to illustrate the range of possibilities that we – and other parties – could consider.

A) Keeping or tweaking the PRB:

- i. Core UK remit plus country-specific remits.

Comment: This reflects the status quo prior to the pay deals but future Scottish government participation is now under active review.

- ii. Separate PRB for each country that decides to have one.

Comment: A precedent exists as the Welsh government has established a separate PRB for school teachers in Cymru/Wales, leaving the School Teachers Review Body (STRB) with an England-only remit.

Variations on current role: PRB(s) could just recommend headline pay awards to governments but hand over role for recommending national RRP and changes to HCAS to the Staff Council.

B) Downgrading the PRB and enhancing collective bargaining

These hybrid options illustrate how there could be a re-shuffling of current responsibilities with a greater role for collective bargaining – but maintain a role for the PRB so would not require the level of political and legislative change involved in complete abolition of the PRB.

They would support a more incremental change process with scope for trialling different approaches on the way to full collective bargaining.

- i. Negotiating bodies negotiate the overall funding envelope for the annual pay award. The PRB recommends to governments how pay awards from within the envelope are distributed between groups, bands and locations including through the use of RRP, HCAS etc.
- ii. The standard PRB process applies (as in A above) but every third (?) year stands down in favour of negotiations to refresh the AfC structure which could lead to single or multi-year pay deals.
- iii. The negotiating bodies seek to negotiate changes to pay rates, structure, and any changes to RRP and HCAS etc. Agreements are presented to the PRB to endorse and comment on. Where agreement can't be reached the PRB could arbitrate if agreed, and make recommendations about what governments should implement and what funding is required.
- iv. The negotiating bodies negotiate annual pay settlements.

The PRB role would be reduced to monitoring and reporting on recruitment and retention issues and it could make recommendations to negotiating bodies. It could also retain its current handbook roles in relation to national RRP and changes to HCAS structure.

C) Disband the PRB and replace it with collective bargaining:

Shutting down the PRB would require political/legislative change in each country. There are different options for how the interplay between government funding and pay bargaining could be approached. Some examples are set out below.

- i. Collective bargaining lite – Governments determine the pay envelope for the pay round in line with pay policy. The negotiating bodies receive a mandate to negotiate how the funding envelope is distributed through pay awards.

Comment: as the funding envelope would be pre-determined this would restrict our ability to negotiate freely.

- ii. Full collective bargaining – core UK country plus: Unions would submit core UK and/or country-specific pay claims. Pay settlements would be arrived at through UK Staff Council followed by country-specific negotiations and the Staff Council would take over full responsibility for agreeing national RRP and changes to HCAS.

Comment: this would embed the process we switched to in the three-year pay deals. The core UK framework capable of country adaptation goes with the logic of devolved funding flows but would need better alignment with country budget setting processes and timelines.

- iii. Full collective bargaining – country by country: Unions would develop and submit a claim for each country. A new negotiating body would be set up to negotiate the England settlement. The Staff Council would continue to oversee the UK framework and ratify pay and conditions changes for each country with a remit to facilitate UK consistency where possible.

Comment: This would avoid other countries having to wait for the England outcome although this is still likely to happen as funding through the Barnett formula will be critical. It allows for leverage bargaining using settlements from other countries. However it risks greater country divergence than the core UK approach.

