

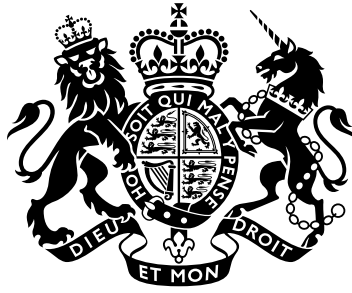


NHS Pay Review Body

# NHS Pay Review Body

## Thirty-Sixth Report 2023

*Chair:* Philippa Hird



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*Chair:* Philippa Hird

**Presented to Parliament by  
the Prime Minister and Secretary of State for Health and Social Care  
by Command of His Majesty**

**Presented to the Welsh Parliament by  
the First Minister and the Minister for Health and Social Services**

**Presented to the Northern Ireland Assembly by the Minister of Health**

**July 2023**



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Office of Manpower Economics,  
Windsor House,  
50 Victoria Street,  
London,  
SW1H 0TL  
[www.gov.uk/ome](https://www.gov.uk/ome)

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# NHS Pay Review Body Terms of Reference

The NHS Pay Review Body (NHSPRB) is independent. Its role is to make recommendations to the Prime Minister, the Secretary of State for Health and Social Care, the First Minister and the Minister for Health and Social Services in Wales, and the First Minister, Deputy First Minister and Minister for Health in Northern Ireland, on the remuneration of all staff paid under Agenda for Change and employed in the National Health Service (NHS).

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified staff;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the funds available to the Health Departments, as set out in the Government's Departmental Expenditure Limits;
- the Government's inflation target;
- the principle of equal pay for work of equal value in the NHS;
- the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.

The Review Body may also be asked to consider other specific issues.

The Review Body is also required to take careful account of the economic and other evidence submitted by the Government, Trades Unions, representatives of NHS employers and others.

The Review Body should take account of the legal obligations on the NHS, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief, and disability.

Reports and recommendations should be submitted jointly to the Prime Minister, the Secretary of State for Health and Social Care, the First Minister, the First Minister and the Minister for Health and Social Services in Wales, and the First Minister, Deputy First Minister and Minister for Health in Northern Ireland.

Members of the Review Body are:

Philippa Hird (*Chair*)  
Richard Cooper  
Patricia Gordon  
Neville Hounsome  
Stephanie Marston  
Professor Karen Mumford CBE  
Anne Phillimore  
Stephen Boyle

The secretariat is provided by the Office of Manpower Economics.

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# NHS PAY REVIEW BODY 2023 REPORT

## Executive Summary

The Secretary of State for Health and Social Care, the Permanent Secretary of the Department of Health Northern Ireland and the Minister for Health and Social Services in Wales asked us in their respective remit letters to make a recommendation for a pay award for Agenda for Change (AfC) staff for 2023/24. Following a pay deal the UK Government made with the NHS Staff Council in England finalised in early May, the UK Government and the Department of Health Northern Ireland amended the remit and asked the NHSPRB to make observations on the deal and any insights and learning gained during this year's pay review process, rather than to make recommendations on pay. In June, the Welsh Government also asked for observations, following a deal with the NHS Trade Unions in Wales. This report therefore sets out our observations of AfC pay for 2023/24 in England, Northern Ireland and Wales, reflecting the evidence we received during the 2023/24 pay review round.

We make these observations having regard to our standing terms of reference and having taken evidence from many sources covering: the need to recruit, retain and motivate suitably able and qualified staff; regional/local variations in labour markets and their effects on the recruitment and retention of staff; the funds available to the Health Departments as set out in the Government's Departmental Expenditure Limits; the Government's inflation target; the principle of equal pay for work of equal value in the NHS; and of the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.

Our main observations are as follows.

1. The NHS is facing challenges in meeting demand, reducing waiting lists, and reforming service delivery following the COVID-19 pandemic. Demands on the NHS are increasing due to an aging population with complex, multiple, long-term health problems, and the treatment backlogs resulting from the pandemic. Staff shortages, high vacancy rates, increased attrition, and higher sickness absence rates are impacting the health and well-being of NHS staff and consequently patient care and are impeding service development. Staff engagement, motivation, and morale have declined, as evidenced by the 2022 Staff Survey results for England and by widespread industrial action.

2. The AfC workforce has grown, but this has happened unevenly, and has not kept pace with demand. The UK Government is on track to meet its target to increase the number of nurses in England by 50,000. This has however been driven largely by international recruitment about which there are significant sustainability concerns in the context of a global healthcare labour shortage. Following a sustained increase in 2020, 2021 and 2022, there has been a reduction in the number of applicants to domestic pre-registration training this year. The proportion of graduates taking up roles in the NHS following graduation is also reducing. Turnover data for England shows that the outflow rate for AfC staff remains at historically high levels. Appropriate long-term workforce plans are one critical step towards reducing workforce shortages in the future.
3. In the short-term, the wider labour market is tight and NHS staff have alternative options in sectors across the job market notably in private health and scientific and technical roles, finance and IT roles, and in retail and hospitality.
4. Economic inactivity levels have risen markedly since the pandemic, and the Bank of England and others attribute part of this rise to increases in sickness that are partly a result of longer waits for NHS diagnosis and treatment.
5. There is therefore a compelling case for investment in competitive AfC pay to recruit and retain more staff and to improve service delivery.
6. The objective set in the UK Government's mandate for fiscal policy is to have public sector net debt (excluding the Bank of England) as a percentage of GDP falling by the fifth year of the rolling forecast period. Our view is that an investment in NHS pay, by reducing attrition and staff shortages and supporting service reform, should lead to improved public health outcomes, labour market participation, and higher national income, supporting the achievement of the fiscal mandate.
7. We note that HMT considers that in previous years median private sector pay settlements have been the best comparator for public sector pay settlements, and that public sector awards significantly above the private sector could risk higher and more persistent inflation.
8. In May 2023, the UK Government and the NHS Staff Council agreed on a pay deal for England for 2023/24, including a non-consolidated award for 2022/23 and a consolidated award of 5% for 2023/24, along with additional investments in pay rates for specific bands. The Welsh Government also agreed on a pay deal for Wales for 2023/24 with NHS Trade Unions in Wales. That pay deal also included a non-consolidated award for 2022/23 and a consolidated award of 5% for 2023/24, again with additional investments in pay rates for specific bands.

9. We note that existing provider budgets contain efficiency targets, that the pay award for 2022/23 was funded in part by money set aside for systems development, and that the funding plans and any Barnett Consequentials for the pay deals agreed in 2023 are not yet confirmed. The Department of Health Northern Ireland have said that without further funding, there is no budget for a pay award in 2023/24.
10. The differing pay policies of the four devolved nations means it is possible that all four nations will have different AfC pay rates in 2023/24.
11. We recognise the non-consolidated awards for 2022/23 are consistent with recent market practice to make additional one-off awards to mitigate the impact of cost-of-living challenges and will go some way to relieving the immediate cost-of-living pressures staff face. In the medium-term, however, and in the context of continued staffing shortages, high levels of attrition and sickness, low levels of morale and an increased reliance on overseas recruitment, consolidated pay awards will remain crucial.
12. It will be important that consolidated pay awards enable the NHS to be competitive in the jobs market across all AfC bands, given the extent to which the NHS competes for staff with other organisations across the wider economy. Failure at least to keep pace with regular pay growth more widely risks exacerbating NHS delivery problems and the recruitment and retention difficulties described throughout this report. Decisions on pay and conditions for other parts of the NHS workforce also impact on the recruitment, retention and morale and motivation of staff working under the AfC contract.
13. Over the past couple of years, we have seen a pattern of temporary adjustments to pay at Band 1 and 2 to remain legally compliant with the National Living Wage (NLW). We have commented that, going forward, this would be unsustainable and would exacerbate the already substantial recruitment and retention challenges. We welcome the adjustments agreed in the AfC deal to Band 1 and 2 pay and note that pay is now at a level sufficiently above the NLW that a pattern of temporary adjustments is less likely to be needed going forward.
14. There are further issues related to recruitment and retention to be addressed. Creating attractive apprenticeships and addressing pay rates for apprenticeships can contribute to securing the future labour force. Flexible working where possible is important for attracting and retaining staff, and there are opportunities to improve satisfaction with flexible working opportunities.
15. In our 34th and 35th reports, we noted our significant concerns about the nursing and midwifery banding review. The review should be completed promptly, and funding for any outcomes should be planned and budgeted for in the 2024/25 financial year.

16. Retaining experienced staff is crucial. As we have set out in previous reports, those at the top of pay bands saw slower pay growth between 2018-2020 and the AfC pay system needs to value expertise developed over time. The current AfC pay scale can act as a disincentive to promotion, and modifications should be considered to overcome this, such as more flexible pay on promotion or reducing the gap between the bottom of bands and the next pay point.
17. The NHS pension scheme is valuable to staff, but we have heard that staff have considered leaving the pension scheme due to immediate cost-of-living pressures. Better pension communications and flexible options for contributions could help address this issue.
18. Our report sets out the pay review process (in Chapter 1), NHS developments relevant to our considerations of the AfC workforce (in Chapter 2), followed by our analysis and conclusions (in Chapter 3) and our concluding assessment (in Chapter 4). The annex sets out summaries of the evidence received from parties, our forward look, and the remit letters we received from Governments.

## Chapter 1: Introduction

- 1.1 This chapter explains our approach to conducting this year's process and outlines the structure of the report. The NHS Pay Review Body (NHSPRB) received remits from the UK Government, the Department of Health Northern Ireland and the Welsh Government for this year's pay round. Following a pay deal the UK Government made with the NHS Staff Council in England finalised in early May, the UK Government and the Department of Health Northern Ireland amended the remit and asked the NHSPRB to make observations on the deal and any insights and learning gained during this year's pay review process, rather than to make recommendations on pay. In June, the Welsh Government also asked for observations, following a deal with the NHS Trade Unions in Wales. This report therefore includes our assessment of Agenda for Change pay in the NHS.

### The Review Body process

- 1.2 The NHSPRB is an advisory non-departmental public body whose members are appointed through the public appointments process<sup>1</sup>. We consider evidence from a broad range of sources, including evidence from all parties involved in the process as well as evidence from a wide range of other, independent sources. The independence of the pay review body process underpins its value.
- 1.3 To support the rigour and independence of the pay review report and recommendations, the NHSPRB requests written evidence from all parties by a specified deadline. In their remit letter, the Department of Health and Social Care (DHSC) requested the report was submitted by April 2023 and therefore we set a deadline for written evidence of 11 January 2023. This deadline was set to allow the NHSPRB to consider evidence from the parties listed at 1.27 and to reach independent conclusions to the requested timetable.
- 1.4 Over recent years, we have received a remit letter from the UK Government with respect to England at the end of November, with remit letters from Wales and Northern Ireland following shortly after. This has meant the NHSPRB has been unable to submit recommendations before the start of the financial year, and, consequently, the Government and the NHS are less able to make informed decisions about funding allocations and investments. A return to previous practice in which remit letters were issued earlier in the Autumn would increase the probability that the recommendations of the PRB could be used to inform budget setting processes.
- 1.5 This year, we were very encouraged by the timely evidence received from almost all the parties submitting and we thank them for their efforts. However, evidence from DHSC was received on 21 February 2023, six weeks after the deadline. It is important that parties are allowed to comment on each other's evidence, and consequently we gave the opportunity to parties to provide supplementary evidence to us following the late publication of DHSC's evidence.

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<sup>1</sup> <https://www.gov.uk/guidance/public-appointments>

- 1.6 As we have laid out in previous reports, we know the importance of a timely Review Body process to our remit group and are concerned the late submission of evidence sends an unhelpful signal to them and causes delays in the process and in Agenda for Change (AfC) staff receiving their pay award. We would ask, again, that next year all parties submit evidence in a timely manner, which would enable the Review Body to complete its work on its planned timescale.

## **Evidence**

- 1.7 As set out above, the NHSPRB considers evidence from a broad range of sources. This year, on the same day DHSC provided their written evidence setting out a budgeted 3.5% affordability figure for 2023/24, they made a commitment to begin pay negotiations with the Royal College of Nursing (RCN) and, following that, the wider NHS Staff Council. The offer made to Trade Unions had a pay bill impact of 6% for 2022/23 and 5.2% for 2023/24. Affordability is a key element of our Terms of Reference and evidence on affordability from Governments plays an important role in our considerations. Therefore, affordability evidence should be consistent and reliable. In making our commentary we have taken the higher figures to be a more complete picture of the sums available to DHSC for AfC pay.
- 1.8 The affordability of any increase is one important consideration in our assessment. The size of the NHS and the relatively larger staff numbers required to deliver the service does not mean that issues of recruitment, retention, motivation and morale can be treated as less important than for other, smaller remit groups.

## **Our 2022 report**

- 1.9 We submitted our 2022 report to the Prime Minister, the Secretary of State for Health and Social Care, Minister of Health Northern Ireland and the Minister for Health and Social Services in Wales on 14 June 2022.
- 1.10 The 2022 report recommended a £1,400 consolidated uplift with effect from 1 April 2022 for all AfC staff to their full-time equivalent (FTE) salary. It was also recommended that the £1,400 uplift should be enhanced for the top of Band 6 and at Band 7 so it was equal to a 4% uplift for those staff. The increase was recommended to be to the rates which included the National Living Wage (NLW) adjustments made on 1 April 2022 to Band 1 and 2 and in total equalled a 9.3% pay uplift at the bottom end. This recommendation increased the overall AfC pay bill by an average of 4.8% across England, Wales and Northern Ireland. This was 1.8% over what the UK Government said was affordable in evidence to us.

- 1.11 We recognise there are times when an annual pay award will fail to keep pace with changing circumstances. Over the last two years the Welsh, Scottish and Northern Ireland Governments have made additional payments to NHS staff in recognition of their work during the COVID-19 pandemic. Many other employers over the last year have brought forward pay awards or made one-off lump sum payments to staff, in particular to those on the lowest pay bands, to mitigate the sharp and sustained increase in the cost of living and to recognise a very tight labour market. In our 35th report, we focused on mitigating the worst of the effects of the rise in the cost of living on those on the lowest pay bands. However, we noted that labour shortages were not limited to one occupational group, and we had significant concerns about the recruitment, retention, motivation and morale at all AfC bands. We said that if the risks to retention persisted or worsened, we would be willing to support parties in an assessment of the evidence for Recruitment and Retention Premia at any stage.
- 1.12 On 19 July 2022, the Secretary of State for Health and Social Care accepted our recommendations in full for the year and noted the pay rise would be backdated to April 2022. On 22 July 2022, the Welsh Government's Minister for Health and Social Services announced that the recommendation had been accepted in full. On 8 December 2022, the Department of Health Northern Ireland, announced they would be implementing the recommendations in full for 2022/23.
- 1.13 The UK Government and the Welsh Government implemented the recommendations in Autumn 2022 and the Department of Health Northern Ireland implemented the recommendations in March 2023.

### **Industrial Action**

- 1.14 In Autumn 2022, many Trade Unions announced their plans to ballot for strike action. The RCN, the Chartered Society of Physiotherapy (CSP), GMB, UNISON and Unite took strike action across England, Wales and Northern Ireland from December 2022 to May 2023.

### **Further pay offers and agreements**

- 1.15 On 8 February 2023, the Welsh Government offered an additional 3% pay increase to AfC staff, of which 1.5% was consolidated and 1.5% was non-consolidated, on top of the NHSPRB's recommendations. This offer was backdated to April 2022. This was subsequently implemented in March 2023 as it was accepted by health unions representing the majority of AfC staff. A combination of the subsidiary award made in Wales in 2022, and the Welsh Government policy to pay at least the real Living Wage mean that from April 2023 the value of all AfC pay points in Wales are 1.5% higher than those in England.



- 1.16 On 16 March 2023, the UK Government made an additional offer to AfC Trade Unions in England made up of both pay and non-pay proposals. On pay, they proposed a non-consolidated award for 2022/23 made up of two components: a 2% payment, and a further tiered cash payment equivalent to 4% of the pay bill. In total the non-consolidated payment is worth between 3.5% at the top of the AfC pay scale and 8.2% at the bottom end of the scale.
- 1.17 The UK Government also proposed a 5% consolidated award for 2023/24 for all staff, plus further investment to uplift the Band 1 spot rate and the entry point for Band 2 to the top of Band 2 (an increase of 10.4%). This will see entry-level pay in the NHS in England increase to £11.45 per hour. This combined offer was accepted by the NHS Staff Council on 2 May 2023, although a number of unions remain in dispute.
- 1.18 Following the offer from the UK Government, the Welsh Government made an enhanced offer. They offered a non-consolidated tiered cash payment and a 5% consolidated increase with effect from April 2023. They also proposed uplifting the Band 1 spot rate and the entry point for Band 2 to the top of Band 2. This offer was collectively accepted by NHS Trade Unions in Wales, although the RCN voted to reject the offer and have announced further strike action in June 2023.
- 1.19 The Department of Health Northern Ireland have said they will not be able to offer a pay award this year unless further funding is secured. Therefore, AfC pay in Northern Ireland may fall behind other parts of the UK.

## **Remits for 2023/24**

### *Secretary of State for Health and Social Care's remit letter*

- 1.20 The Secretary of State wrote to us on 16 November 2022, requesting a pay recommendation for 2023/24, with a request for the NHSPRB to report by April 2023. He noted that pay awards must strike a careful balance between recognising the vital importance of public sector workers, whilst delivering value for the taxpayer, considering private sector pay levels, not increasing the country's debt further, and being careful not to drive prices even higher in the future. The letter also noted the importance of having regard to the Government's inflation target.
- 1.21 Following the deal made with the NHS Staff Council, the Minister for Health wrote to us on 3 May 2023 asking for observations on the offer in England, as well as any insights and learnings from the process this year instead. This subsequently delayed the submission of our report.

### *Welsh Minister for Health and Social Services' remit letter*

- 1.22 The Minister wrote to us on 19 December 2022, requesting a pay recommendation for 2023/24. The Minister urged the NHSPRB to make a recommendation that truly recognises the pressure on pay and the commitment and hard work of NHS staff. However, the letter noted that affordability is a key issue for the Welsh Government.

- 1.23 Following the deal made with the NHS Trade Unions in Wales, the Minister for Health and Social Services in Wales wrote to us on 1 June 2023 asking for observations on AfC pay instead.

*Permanent Secretary's (Department of Health Northern Ireland) letter*

- 1.24 The Permanent Secretary of the Department of Health Northern Ireland wrote to us on 8 December 2022 requesting a pay recommendation for health and social care staff in Northern Ireland.
- 1.25 Following the deal the UK Government made with the NHS Staff Council, the Permanent Secretary of the Department of Health wrote to us on 2 May 2023 asking for observations on AfC pay instead.

### **Evidence submissions and visits**

- 1.26 We drew on the parties' evidence throughout our analysis in Chapter 3 of this report and we also considered published data and information on the NHS. This included reports from external commentators, including the King's Fund, the Health Foundation and from the Joint Staff Side who provide wider analysis of issues relevant to our considerations. We supplemented these with analyses of the latest economic and labour market indicators.

*Parties submitting evidence*

- 1.27 Between January and March 2023, we received written and oral evidence, and the majority of the parties published their evidence on their websites. Those who submitted evidence were as follows:

**Government Departments**

- Department of Health and Social Care
- Department of Health, Northern Ireland
- HM Treasury
- Welsh Government

**Staff Representatives**

- Royal College of Midwives
- Society of Radiographers

**NHS Organisations**

- Health Education England
- NHS England

**Employer bodies'**

- NHS Employers
- NHS Providers

- 1.28 We note there were a number of staff representatives who chose not to submit evidence to the NHSPRB this year. The Pay Review Body process benefits considerably from the considered and active participation of parties, and we value highly the views of all parties to the process.

### *Our visits*

1.29 We conducted visits across NHS trusts in England, a Welsh health board, a health and social care trust in Northern Ireland, and a university, between October 2022 and January 2023. We were grateful to be able to return to holding most of the visits in person this year. These visits helped us to understand the experience of staff, managers and students, and the pressures they have faced throughout the pandemic. The visits were particularly useful in hearing first-hand views on pay arrangements and the way in which they relate to recruitment, retention and motivation. We are grateful to the management, staff representatives, AfC staff and students who participated in these visits, and particularly those involved in their organisation. We visited the following organisations:

- Cambridgeshire Community Services NHS Trust
- Northern Health and Social Care Trust
- Northumbria Healthcare Foundation Trust
- Royal Cornwall Hospitals NHS Trust
- Swansea Bay University Health Board
- University of Cumbria
- West London NHS Trust

### **Our overall approach to the pay review process**

1.30 When considering the evidence, we are required to have regard for the following considerations, as set out in the Terms of Reference:

- The overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved;
- The need to recruit, retain and motivate suitably able and qualified staff;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- The funds available to the Health Departments as set out in the Government's Departmental Expenditure Limits;
- The Government's inflation target;
- The principle of equal pay for work of equal value in the NHS.

1.31 Our report provides an assessment of AfC pay in the NHS for 2023/24. We have made our independent assessment in the context of our terms of reference and remit letters and have assessed the evidence, data and information as they relate to the standing terms of reference. In order to assess the right level of investment in pay, we look at the overall working environment for AfC staff, including in the context of delivery, financial and other pressures. In Chapter 3, we discuss and provide commentary on the data available to us.

1.32 NHSPRB's role is to assess the AfC workforce independently of other parts of the NHS workforce; however, we recognise that in practice AfC staff work with and alongside medical and dental staff and NHS senior management as one overall workforce. Decisions made by Governments on pay and conditions for other parts of the NHS workforce do impact on the recruitment, retention and morale and motivation of staff working under the AfC contract.

- 1.33 Our report sets out the context of NHS developments relevant to our considerations of the AfC workforce (in Chapter 2), followed by our analysis and conclusions (in Chapter 3) and our assessment (in Chapter 4). Annexes A-C set out summaries of the evidence received from parties, our forward look and remit letters we received from Governments.

## Chapter 2: NHS Context

- 2.1 We set out in this chapter the ongoing developments in the NHS which relate to our considerations on the AfC workforce. The chapter covers published data and reports by external commentators on NHS finances and performance, demand and quality of care, and the AfC workforce. The developments in the NHS feed into our analysis in Chapter 3 of this report.
- 2.2 We are in no doubt about the pressure NHS staff are under. It is widely documented that the health and care system has been in gridlock<sup>2</sup> and this is having a hugely negative impact on staff experience of giving and supporting care and patient experience of receiving care.
- 2.3 The Care Quality Commission (CQC) have said that patients in need of urgent care are at risk of increased harm and worsening outcomes due to long delays for ambulances and at A&E departments; that large numbers of hospital inpatients face lengthy delays waiting to be discharged, because of the lack of available social care; and that people's inability to access adequate primary care is exacerbating the pressure on emergency services<sup>2</sup>.
- 2.4 Underpinning these system issues are challenges faced right across the workforce. The NHS has seen increased turnover rates and has a persistently high number of vacancies. We are clear that this has led to an unprecedented and immensely pressurised working environment.
- 2.5 The NHS Staff Survey 2022 results reflected similar data to those seen in 2021 survey. However, this is a marked deterioration on the results seen in 2019, prior to the COVID-19 pandemic. Only 62.9% of staff were happy with the standard of care at their organisation, which is a fall from 71.5% in 2019.

### NHS Demand

- 2.6 The exceptional demand for primary, elective and emergency care has been widely documented and reported. The Health Foundation have described the current environment as one of constant and unrelenting pressure<sup>3</sup>.
- 2.7 As of March 2023, over 7.3 million people were on waiting lists in England. The average waiting time also doubled from seven weeks in 2019 to 14 weeks in August 2022.
- 2.8 As discussed in last year's report, there were a number of 'missing patients' whom the NHS would have expected to come forward for treatment during the pandemic. This will have been a contributory factor in rising waiting lists. As noted by the Health Foundation, the number of people over 85 is also rising and is expected to double to 2.6 million over the next 25 years, which leads to greater demand on health and social care services.<sup>4</sup>

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<sup>2</sup> <https://www.cqc.org.uk/publications/major-report/state-care>

<sup>3</sup> <https://www.health.org.uk/news-and-comment/news/nhs-staff-burnout-highlights-desperate-need-for-workforce-plan-to-focus-on-retention-and-wellbeing>

<sup>4</sup> <https://www.health.org.uk/publications/our-ageing-population>

- 2.9 In addition to this, LCP – a health consultancy firm – have found there has been a rise in long-term sickness amongst the economically inactive. They calculate the number of ‘long-term sick’ has risen by over a third of a million (353,000) since the start of the pandemic and this accounts for more than half of the growth in inactivity over that period.<sup>5</sup>
- 2.10 LCP view the rise in long-term sickness to be a result of more people ‘flowing on’ to long-term sickness, particularly those previously classed as short-term sick; this suggests that failure to address short-term sickness, including through clinical intervention, has contributed to the increase in long-term sickness<sup>5</sup>.
- 2.11 Urgent and emergency care services also continue to be under immense pressure. In their annual 2022 State of Care report, the CQC say at every point along the urgent care pathway the risks to patients are increasing due to delays<sup>2</sup>.
- 2.12 In the report, the CQC also comment on the link between staff shortages in social care and discharge from hospital. They say many patients remain in hospital longer than they need to be due to a lack of available social care packages. Commenting on NHS performance figures for July 2022, the NHS Confederation highlighted that only four in ten patients were able to leave hospital when they were ready to<sup>2</sup>.
- 2.13 CQC say these issues are a symptom of a systemic problem. Emergency departments have been struggling to get patients admitted to the right hospital wards, because those wards have been struggling to discharge people into the community<sup>2</sup>.

### **NHS Performance (England)**

- 2.14 In April 2023, a report from the King’s Fund noted NHS performance has declined since 2010 as a result of much lower funding increases, limited funds for capital investment, and neglect of workforce planning<sup>6</sup>.
- 2.15 NHS England’s (NHSE) target is for 95% of A&E attendees to be seen within four hours. In January 2023, the total number of A&E attendances was 1,962,511 (equating to 3.3% of the population). Attendances were 4.7% higher when compared to attendances in January 2022 and 7.2% lower when compared to attendances in January 2020. The number of patients seen within four hours was 64.6%, compared to 66% in January 2022 and 73.5% in January 2020.
- 2.16 NHSE’s target is for the most urgent calls to the ambulance service to have a response time of seven minutes. NHS England Ambulance System Indicators show the mean average response time for the most urgent calls was eight minutes 49 seconds in March 2023. This is down from 10 minutes 57 seconds in December 2022, which had the longest ambulance response times since the categories were introduced in 2017. In December 2019, the average response time for the most urgent calls was seven minutes 35 seconds.

<sup>5</sup> <https://www.lcp.uk.com/media-centre/2023/02/the-great-retirement-or-the-great-sickness-is-the-government-at-risk-of-barking-up-the-wrong-tree-on-the-rise-in-economic-inactivity/>

<sup>6</sup> <https://www.kingsfund.org.uk/publications/rise-and-decline-nhs-in-england-2000-20>

- 2.17 NHSE's target is for 93% of patients to be seen by a specialist within two weeks of an urgent referral for suspected cancer. In January 2023, 81.8% of people were seen within two weeks, compared to 90.1% in January 2020.
- 2.18 NHSE's target is for 96% of patients to begin their first definitive treatment within 31 days of receiving a cancer diagnosis. In January 2023, 88.5% of people treated began first definitive treatment within 31 days of receiving their diagnosis, compared to 94.5% in January 2020.

### **NHS Performance (Northern Ireland)**

- 2.19 As of September 2022, there were 378,411 patients waiting for a first outpatient appointment across Northern Ireland (equating to 20% of the population). This is compared to 305,017 in December 2019.
- 2.20 Health and Social Care (HSC) Northern Ireland's target is for 95% of A&E patients to be seen within four hours and no patient should wait over 12 hours. In December 2022, there were 62,350 attendances at A&E departments (equating to 3.3% of the population), compared to 36,947 in January 2020. 45.9% were treated within four hours in December 2022 and 16% of patients waited over 12 hours. This is compared to 80.4% seen within four hours in January 2020.
- 2.21 HSC Northern Ireland's target is for 95% of cancer patients to start treatment within 62 days. In the quarter to September 2022, 39.5% of cancer patients started treatment within 62 days, compared to 48.6% in the quarter to February 2020.

### **NHS Performance (Wales)**

- 2.22 NHS Wales' target is for 95% of A&E patients to be seen within four hours. In December 2022, there were 87,848 attendances at all NHS Wales emergency departments (equating to 2.8% of the population). This equates to a 20% increase on December 2021 and a 3% increase on December 2019. 63.1% of patients were seen within four hours in December 2022, compared to 66.2% in December 2021 and 71.3% in December 2019.
- 2.23 NHS Wales' target is for 95% of patients newly diagnosed with cancer to start their first definitive treatment within 62 days of first being suspected of cancer. In September 2022, 53.3% of patients newly diagnosed with cancer started their first definitive treatment within 62 days of first being suspected of cancer. This is compared to 58.8% in January 2020.

## NHS Productivity

- 2.24 To tackle the high demand, in 2022 the UK Government announced the Build Back Better plan for England<sup>7</sup>. The plan aimed to deliver around 30 per cent more elective activity by 2024-25 than before the pandemic, after accounting for the impact of an improved care offer through system transformation. Further, they said once the NHS has recovered from the pandemic, activity should be the equivalent of ten per cent higher than under the NHS Long Term Plan.
- 2.25 However, the Institute for Fiscal Studies (IFS) have said limited progress has been made against the headline ambition to increase levels of elective activity to around 30% above pre-pandemic levels by 2024-25.<sup>8</sup> The IFS say that the NHS has struggled to increase the number of people it is treating from the waiting list each month, amidst ongoing pressures from COVID-19. Indeed, in the 10 months following the publication of the elective recovery plan, the NHS treated 5% fewer patients from the waiting list than over the same period in 2019<sup>8</sup>.
- 2.26 A National Audit Office (NAO) report published in November 2022 also said the NHS was experiencing reduced productivity. The report noted that an internal NHSE review has identified a range of causes, including a reduction in willingness to work paid or unpaid overtime and reduced management focus on cost control and operational rigour as the NHS sought to maximise activity.
- 2.27 The IFS say delivering on the Build Back Better ambition would require double-digit (10.3%) annual growth in treatment volumes over the next two years; when combined with the planned increase in the number and fraction of patients treated outside of hospitals, this would take overall activity levels to around 30% above pre-pandemic levels. This compares with average annual growth in treatment volumes of 2.9% in the five years prior to the pandemic<sup>8</sup>.
- 2.28 On 26 April 2022, the Welsh Government published its plan for transforming and modernising planned care and reducing waits in Wales. This plan sets out waiting list recovery targets between 2022 and 2026. Audit Wales published a report in May 2022 commenting on the plans. They noted there were significant barriers to reducing the backlog including the ongoing impact of COVID-19, a tired workforce with staff shortages, recruitment and retention challenges, limitations in the current NHS estate that can hinder the ability to quickly reshape services, and limited sources of additional capacity such as the private sector<sup>9</sup>.
- 2.29 Northern Ireland published their elective care framework in June 2021 which covers 55 actions to reduce waiting lists and to improve capacity across the elective care system<sup>10</sup>.

<sup>7</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care/build-back-better-our-plan-for-health-and-social-care#fn:2>

<sup>8</sup> <https://ifs.org.uk/news/nhs-waiting-lists-unlikely-fall-significantly-2023>

<sup>9</sup> <https://audit.wales/publication/tackling-planned-care-backlog-wales>

<sup>10</sup> <http://www.niassembly.gov.uk/assembly-business/official-report/written-ministerial-statements/department-of-health--implementation-of-the-elective-care-framework/>



## Industrial Action

- 2.30 In Autumn 2022, many Trade Unions announced their plans to ballot for strike action.
- 2.31 The RCN balloted members in Autumn 2022, announcing their results in November 2022. They received a mandate for strike action at all Trusts in Northern Ireland; all but one Health Board in Wales and 128 Trusts (out of a total of 219) in England. They took strike action during December 2022 and January to May 2023.
- 2.32 UNISON also balloted their members in Autumn 2022, announcing their results in November 2022. They received a mandate for strike action across Northern Ireland; the ambulance service in Wales and half of ambulance trusts in England, and three other Trusts in England. Members at Ambulance Trusts took strike action during December 2022 and January and February 2023.
- 2.33 GMB balloted their members in Autumn 2022, announcing their results in December 2022. They received a mandate for strike action at eleven Ambulance Trusts across England and Wales. They took strike action during December 2022 and January and February 2023.
- 2.34 The Royal College of Midwives (RCM) received a mandate for strike action across Health Boards in Wales. They announced strike action in February 2023, which was subsequently paused after the Welsh Government made an enhanced pay offer.
- 2.35 The Chartered Society of Physiotherapy (CSP) received a mandate for strike action in more than 100 trusts across England, along with all health boards in Wales. They took strike action in January and February 2023.
- 2.36 Unite received a mandate for strike action across Ambulance Trusts. They took strike action during December 2022 and January, February and May 2023.
- 2.37 Following a commitment from DHSC to enter negotiations, all Trade Unions called off further strike action in England in March 2023. The Government subsequently made an offer made up of both pay and non-pay proposals which were voted on by Trade Union members.
- 2.38 The proposal was accepted by the NHS Staff Council on 2 May 2023. Most of the Trade Unions voted to accept the offer; however, Unite, the RCN, the Society of Radiographers (SOR) and the College of Podiatry (COP) all voted to reject the offer.
- 2.39 Unite and RCN announced plans to re-ballot their members in England on further industrial action. SOR and COP also announced plans to launch a consultative ballot on industrial action.
- 2.40 In Wales, a pay deal was agreed collectively with the NHS Trade Unions, however, the RCN voted to reject the offer from the Welsh Government and are due to take further strike action in June 2023.

## NHS Workforce

- 2.41 In December 2022, the Health Foundation said that data at that time showed both overall and nursing vacancy numbers at a five-year high. They said this put the NHS workforce under extreme pressure and the ongoing impact of COVID-19 and that a lack of resource across the health and care system leaves staff with a sense that they cannot deliver the high-quality care they would want for their patients. These pressures put staff at risk of burnout, sickness and early retirement<sup>11</sup>.
- 2.42 NHS staff and employer organisations have long called for a comprehensive workforce plan to tackle the workforce shortages. In his Autumn Statement, the Chancellor announced that the Department of Health and Social Care (DHSC) will deliver an independent assessment of workforce needs in England for the next five, ten and 15 years, which was welcomed widely. This is set to be published in Spring 2023.
- 2.43 The King’s Fund recently released a publication<sup>12</sup> on the continued difficulties of workforce planning. They note a number of unknowns in workforce planning:
- **Technological developments** may render skills redundant by the time health care professionals enter the workforce.
  - **Working preferences** may change in ways that are hard to predict. The NHS is not immune to the trend towards greater flexibility.
  - **Legal and policy changes** may impact the needs of the healthcare workforce. For example, the McCloud remedy is likely to lead healthcare professionals to leave the workforce earlier than anticipated.
  - **Composition of the workforce** may change in ways that are difficult to plan for. For example, the creation and expansion of the NHS Reservist programme was difficult to predict.
  - **Organisational disruption**, typically triggered by wider NHS reorganisation. Over the past 20 years, the NHS’s workforce planning function has changed five times.
- 2.44 The King’s Fund report sets out what they understand to be His Majesty’s Treasury’s (HMT) concerns on the NHS workforce, and how HMT see oversupply of workforce as concerning because of the fear of supply-induced demand, noting that in Germany a decentralised workforce planning system has, over time, led to an oversupply of doctors, to the creation of jobs to employ them and to the relative overmedicalisation of health care provided in the country. Indeed, the King’s Fund say that HMT fears the expansion of medical school training places over the past five years might lead into precisely this position in the future.

<sup>11</sup> <https://www.health.org.uk/news-and-comment/news/nhs-vacancy-rates-point-to-deepening-workforce-crisis>

<sup>12</sup> <https://www.kingsfund.org.uk/publications/nhs-staffing-shortages>

- 2.45 The report also says that HMT has longstanding concerns with the value for money of the health education and training budget, including the dropout rate from nursing courses (which on average is 24 per cent but can be up to 50 per cent). The report suggests that HMT would prefer to see greater conditionality attached to the taxpayer support provided to students so that they commit to working in the NHS for a period of time after graduation. The report also says that HMT would like the budget to be used to train a more flexible and adaptable workforce.

### Primary Care

- 2.46 Timely access to primary care reduces the pressure on secondary care as more patients can be treated in the community. The number of GP appointments was at the highest level ever recorded throughout the winter of 2022/23, with peaks above 30 million in both October and November 2022. Despite this, the 2022 GP Patient Survey shows that people's overall experience of making an appointment worsened considerably, compared with 2021, with the percentage of respondents who said they had a good experience falling from 71% to 56%. 11% of those who did not get appointments went to A&E instead, and 11% called NHS 111, putting additional pressure on urgent and emergency care services. However, 34% said they did not see or speak to any health professional, which could lead to delayed or missed diagnosis and consequently worsening health and outcomes.
- 2.47 Perceptions of primary care have an impact on how people access care and, overall, people are less happy with primary care services than with other NHS services. In the British Social Attitudes Survey, satisfaction with GP services fell by 33 percentage points, from 68% of people reporting being satisfied in 2019 to only 35% in 2022. This is the lowest level recorded since the survey began in 1983. Research suggests that dissatisfaction with primary care services is leading patients to seek private GP services. A private healthcare provider, Spire Healthcare, reported a 39% increase in appointments with their GP service in April 2023.

### Social Care

- 2.48 The state of social care impacts significantly on the experience of work amongst NHS staff. In October 2022, Skills for Care published their latest report on the state of the adult social care workforce in England. They noted, at the time, there were 1.79m posts in adult social care in England with 1.62m of those filled. At the time, there were 165,000 vacancies across the country for which employers are actively seeking to recruit, representing a 52% (or 55,000) rise since 2020/21.
- 2.49 There was also a decrease in filled social care posts of around 3% (50,000 posts). The decrease in filled posts was due to recruitment and retention difficulties rather than a decrease in demand. The annual turnover rate was reported to be approximately 29%.

- 2.50 The median hourly rate for a care worker was £9.50 an hour, which at the time was in line with the NLW and lower than the bottom of Band 2 in the Agenda for Change structure in 2022/23. Almost a quarter (24%) of the workforce were employed on zero-hour contracts.
- 2.51 The NHS Confederation also said in July 2022 that 99% of healthcare leaders agree that there is a social care workforce crisis in their local area. 73% of leaders said a lack of adequate social care capacity was having a significant or very significant impact on their ability to tackle the elective care backlog. Over 80% said it was driving the demand for urgent care.
- 2.52 In response to the significant issues caused by delays to discharge, in September 2022 the Government announced a £500m Adult Social Care discharge fund to be used on interventions that best enable the discharge of patients from hospital in order to free up the maximum number of hospital beds.

### Impact of poor health on the economy

- 2.53 There is increasing awareness about the impact of worsening physical and mental health on the labour market and on the economy more widely. In the Health Foundation's REAL Challenge annual lecture on Health is Wealth? in November 2022<sup>13</sup>, the Chief Executive of the Royal Society of Arts set out that developing trends in long-term sickness will have depressed participation and productivity in the UK workforce and that "given their skew towards the young, these trends could then have a potentially long-lived, generational impact on the drivers of economic growth". The report goes on to say that "the UK's health endowment may now be acting as a significant brake on economic growth, rather than the accelerator it has been for much of the past 250 years."

### Integrated Care Systems (ICSs) in England

- 2.54 Following several years of locally led development, recommendations of NHSE and the passage of the Health and Care Act (2022), 42 ICSs, formed to deliver joined up health and care services, were established across England on a statutory basis on 1 July 2022.
- 2.55 In 2022, the Secretary of State for Health and Social Care appointed Rt Hon Patricia Hewitt to consider the oversight and governance of ICSs. The review was published in April 2023.
- 2.56 On workforce, the review recommends:
- Producing a strategy for the social care workforce, complementary to the NHS workforce plan given the interdependence of health and social care.
  - For DHSC to bring together the relevant regulators to reform the processes and guidance around delegated health care tasks to enable a better experience for the patient, increased continuity of care and a more efficient use of resource.

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<sup>13</sup> [https://www.health.org.uk/sites/default/files/upload/publications/2022/Health%20is%20wealth\\_WEB.pdf](https://www.health.org.uk/sites/default/files/upload/publications/2022/Health%20is%20wealth_WEB.pdf)

- Ministers and NHSE to work with trade unions to create a structure to develop, train and recruit more specialists in fields such as data science, risk management, actuarial modelling, system engineering, general and specialised analytical and intelligence roles, as the current agenda for change framework makes it impossible for systems to pay competitive salaries to specialists.

2.57 There is no doubt the NHS is experiencing exceptional demand which is a consequence of an aging demographic and high and sustained waiting lists. The number of short-term challenges means the ambitions for improved productivity are not being realised in the medium term. Alongside high demand, there are widespread staff shortages, and it is widely acknowledged that the existing workforce is under acute and unabating pressure.

## Chapter 3: Our analysis

3.1 Our analysis in this chapter is based on the written and oral evidence, available data from OME and other sources as they relate to our terms of reference and matters remitted to us this year. Our analysis covers:

- The economy, cost of living, labour market;
- Workforce;
- Recruitment and retention;
- Motivation and morale;
- Total reward;
- The Government's inflation target; and
- Affordability.

### The economy and the labour market

3.2 The UK economy and labour market have been subject to substantial shocks since 2020, including the COVID-19 pandemic, the war in Ukraine and the UK's exit from the European Union. This has meant a high level of variation in economic indicators and forecasts. Throughout this section, we have used the latest data available to us at the time of submission.

### Economic growth

3.3 The UK economy shrank by 11.0% in 2020 as sectors of the economy were shut down in response to COVID-19 and this was followed by two years of growth: 7.6% in 2021 and by 4.1% in 2022. The latest quarterly data, for the first quarter of 2023, showed Gross Domestic Product (GDP) was 0.1% higher than in the previous quarter, 0.2% higher than a year earlier but still 0.5% below the pre-COVID-19 level.

3.4 The UK Government continues to carry high levels of debt, with the debt to GDP ratio at levels last seen in the early 1960s. In April 2023, UK public sector net debt was £2,274 billion (89% of GDP) and the Office for Budget Responsibility (OBR) expects it to peak at almost 95% of GDP in 2026-27. High levels of debt can lead to higher interest payments, higher taxes and/or lower spending in the future.

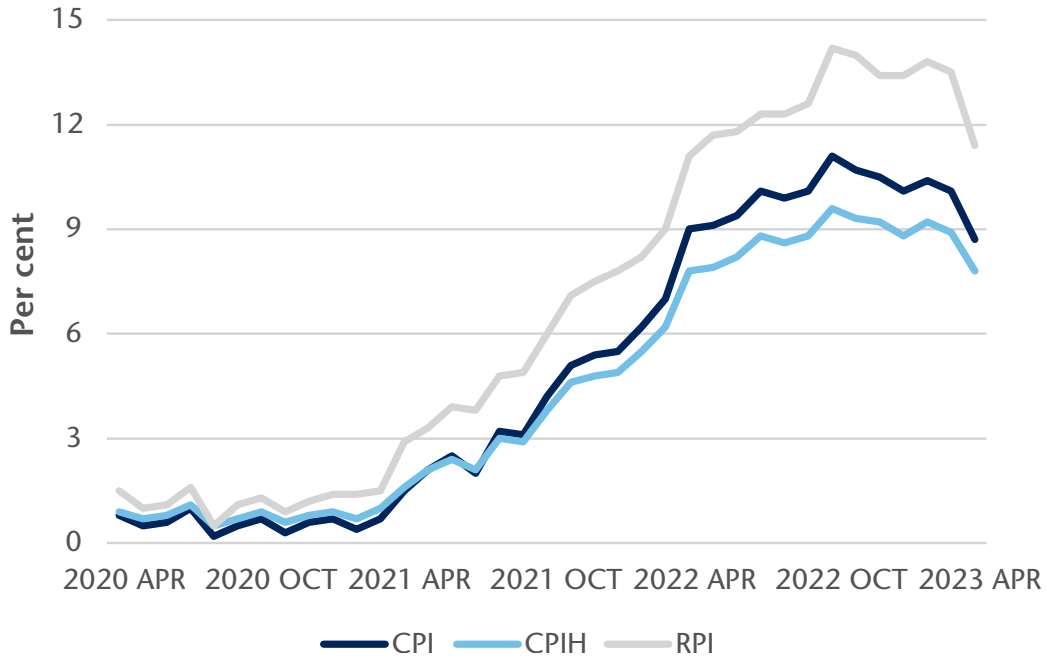
## Economic outlook

- 3.5 The OBR said in its March 2023 *Economic and Fiscal Outlook* that the economic outlook had brightened since its November 2022 forecast, resulting in a shorter and shallower expected economic downturn in 2023 as a result of lower wholesale gas prices and interest rates leading to higher than previously expected household incomes and consumption. It expects GDP to contract by 0.4% in the first quarter of 2023, with output then expected to be flat in the second quarter of 2023 as the rise in interest rates, the elevated cost of energy, and an additional bank holiday for the Coronation in May depress output. Growth is then expected to return in the second half of 2023 as household energy bills fall. In 2023, as a whole, GDP is expected to fall by 0.2%, followed by growth of 1.8% in 2024 and 2.5% in 2025. The OBR forecast GDP to regain its pre-pandemic peak in the middle of 2024, six months earlier than expected in November 2022.
- 3.6 The Organisation for Economic Cooperation and Development (OECD) forecasts UK GDP to contract by 0.4% in 2023, followed by growth in 2024 of 0.2%.
- 3.7 In its May 2023 *Monetary Policy Report*, the Bank of England said it expected GDP to be flat over the first half of 2023, but that underlying output, excluding the impact of strikes and an extra bank holiday, is projected to grow modestly. The Bank said that demand is likely to be materially stronger than expected in their February report, albeit still subdued by historical standards.

## Consumer Prices Index and the cost of living

- 3.8 Inflation, as measured by the Consumer Prices Index (CPI), was at 8.7% in April 2023, down from the peak of 11.1% in October 2022, and below 9% for the first time since March 2022. In April 2023 CPIH inflation was 7.8%, and the RPI rate was 11.4% (Figure 3.1).

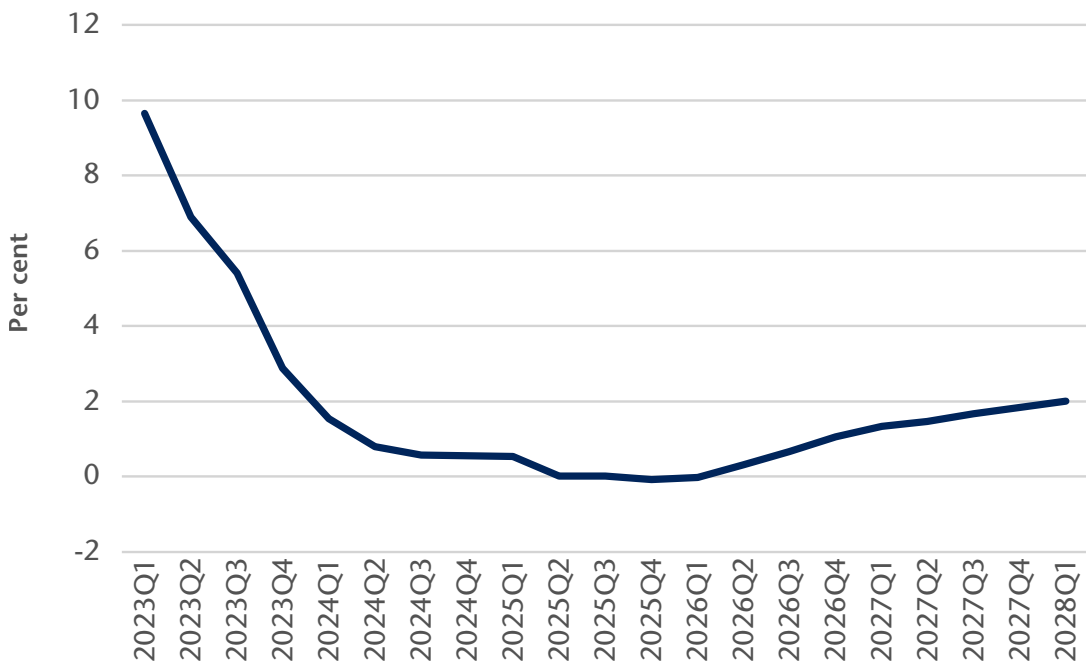
**Figure 3.1: Consumer price inflation, UK, April 2020 to April 2023**



Source: ONS – CPI (D7G7), CPIH (L550), RPI (CZBH)

3.9 In March 2023 the OBR said that it expected CPI inflation to fall to 2.9% by the end of 2023, and to 1.5% in the first quarter of 2024 (Figure 3.2), a more rapid decline than expected in November 2022. The fall occurs as the rapid energy price increases in 2022 drop out of the calculation of annual inflation. On a calendar year basis, the OBR expects CPI inflation to be 6.1% in 2023, 1.2 percentage points lower than in November 2022, mainly due to the more rapid decline in energy prices.

**Figure 3.2: Office for Budget Responsibility (OBR) forecast of consumer price inflation (CPI), UK, 2023 Q1 to 2028 Q1**



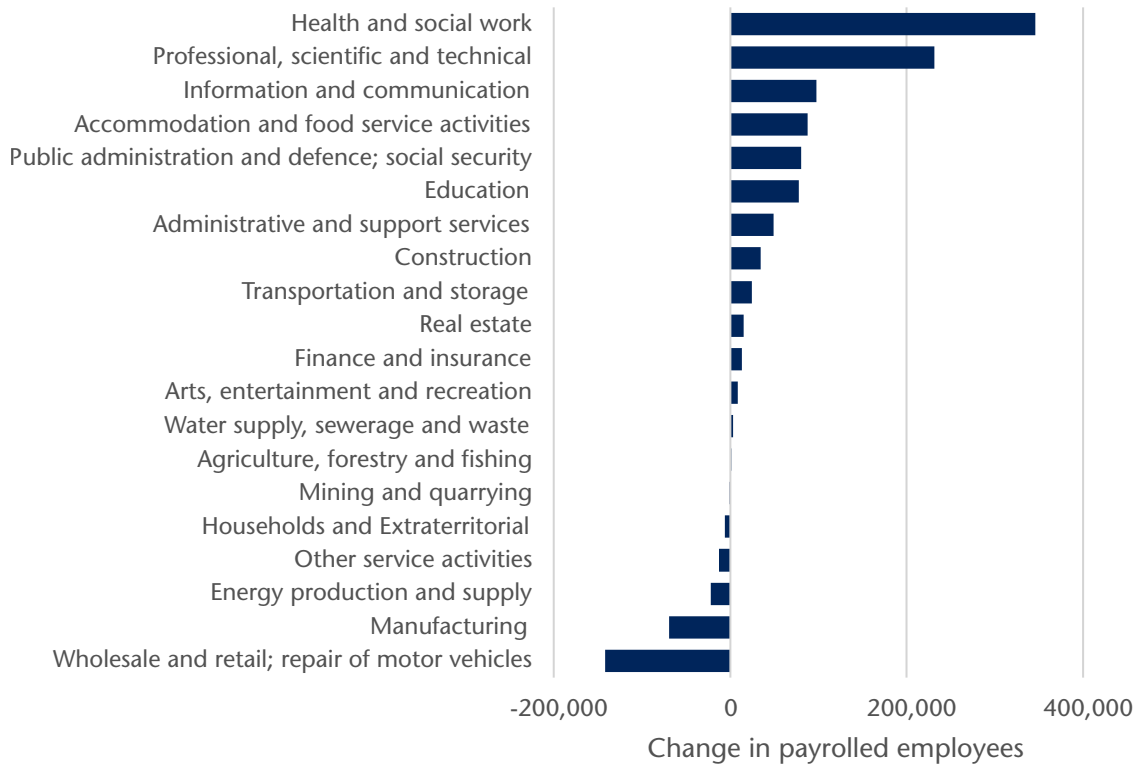
Source: OBR forecasts (Table 1.7), March 2023



- 3.10 In its May *Monetary Policy Report*, the Bank of England said that inflation was stronger than it projected in its February report. It said that inflation remains well above its 2% target but is expected to fall sharply in the near term, to 8.4% in April 2023, before falling further to around 7% in July 2023. The fall in inflation will be driven by large price increases from a year ago falling out of the comparison, domestic energy prices falling (particularly from July 2023) and a wider decline in input cost pressures. The Bank said it expected to meet its 2% target by late 2024.
- 3.11 The Bank of England said that the best way it can make sure inflation comes down and stays down is to raise interest rates. It said that since December 2021 it had increased rates from 0.1% to 4.5%.
- 3.12 In our 35th report, we commented that the economic outlook has been uncertain and volatile and this continues to be the case; since the beginning of 2022 CPI increased from 5.5% in January 2022 to 11.1% in October 2022, but has since fallen back to 8.7%. The median of the HMT independent forecasts for May 2023 have CPI at 4.0% in the final quarter of 2023.
- 3.13 In our 2022 report, we highlighted that for households with the lowest incomes, expenditure on food and non-alcoholic drinks, housing, fuel and power account for a larger percentage of total expenditure than for households with higher incomes. Figures for April 2023 show that food price inflation was 19.3%, while electricity prices were 17.3% higher, and gas prices 36.2% higher, than a year earlier. The Energy Price Guarantee, was extended to the end of June 2023 by the Chancellor in the 2023 Spring Budget. From this point, wholesale energy prices are expected to fall and inflation is expected to fall.
- 3.14 We heard on our visits that NHS staff were facing challenges from rising prices in terms of their ability to afford food, travel, energy and childcare costs and were seeking support, in historically high numbers, from their employers to help face these challenges. We heard that employers were providing support in a number of ways, including: advances of pay, setting up on-site foodbanks, and introducing community banks where they encourage staff to save.

### **Employment and the labour market**

- 3.15 Pay As You Earn Real Time Information (RTI) data indicate that the number of employees on payrolls in April 2023 was 29.8 million, 820,000 higher than the pre-COVID-19 pandemic peak in January 2020. The number of payrolled employees increased by 300,000 in the year to April 2023.
- 3.16 The employment experiences of different sectors of the economy are shown in Figure 3.3. Between January 2020 and April 2023, employment growth was concentrated in health and social work (up 346,000), and professional scientific and technical services (up 231,000). The health and social work sector continued to show strong growth over the latest year, with payrolled employment 154,000 higher than in April 2022.

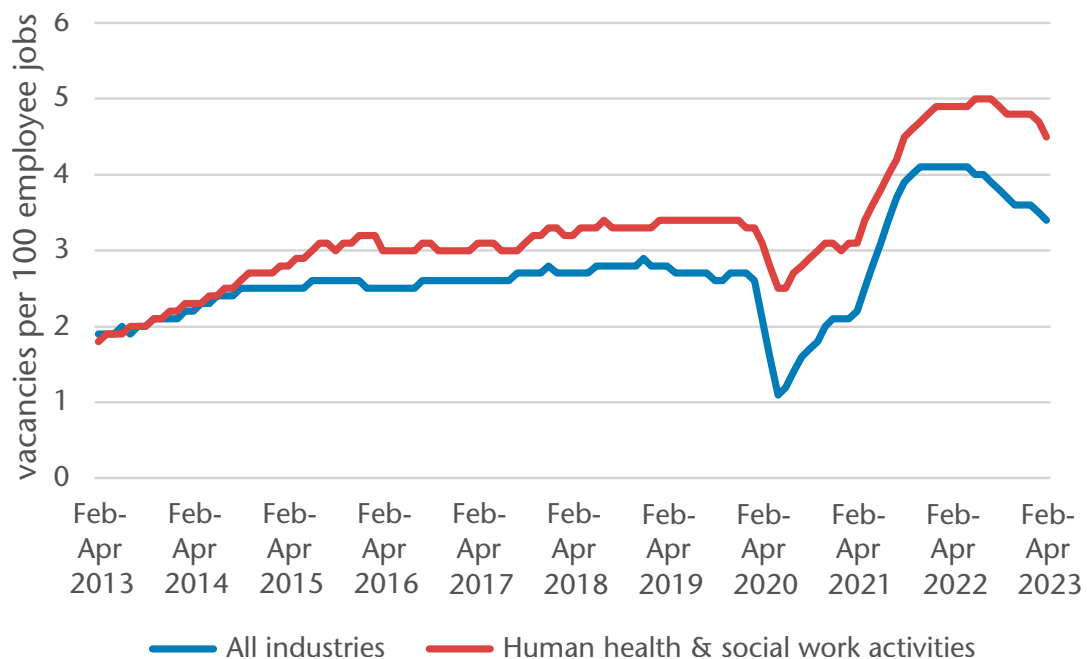
**Figure 3.3: Change in payrolled employees, January 2020 to April 2023**

Source: ONS, *Pay As You Earn, Real Time Information, seasonally adjusted*

- 3.17 According to the Labour Force Survey (LFS), the level of employment was 78,000 lower than the peak in the three months to February 2020, at 33.0 million in the three months to February 2023. The number of employees is estimated to have increased by 584,000, since February 2020, while self-employment is estimated to have fallen by 639,000.
- 3.18 The Office for National Statistics (ONS) recorded 8.73 million people aged 16-64 as economically inactive in the three months to March 2023. This is an increase of 360,000 from the three months to February 2020, including an increase of 438,000 in the number that were inactive because of long-term sickness.
- 3.19 The ONS recorded 1.08 million vacancies (a rate of 3.4 per 100 employee jobs) in the three months to April 2023, a fall of 214,000 from a year earlier, but still 257,000 higher than the number of vacancies in the three months to February 2020 (pre-COVID-19). The largest number of job vacancies were in health and social work (196,000), accommodation and food services (132,000), professional, scientific & technical activities (113,000), and wholesale & retail (109,000). Total job-to-job moves reached a record high of 997,000 in the three months to March 2022, but fell back to 841,000 in the three months to March 2023.

3.20 The ONS survey of vacancies estimated that in the human health & social work activities sector, the number of vacancies in February to April 2023 was 196,000 (4.5 vacancies per 100 employee jobs); 60,000 greater than the pre COVID-19 pandemic level of 136,000 (3.3 vacancies per 100 jobs) in December 2019 to February 2020. The ONS estimates show that the number of human health & social work vacancies peaked at 217,000, in July-September 2022 (5.0 vacancies per 100 employee jobs) and has since fallen by 21,000.

**Figure 3.4: Vacancies per 100 employee jobs, UK, seasonally adjusted, February to April 2013 to February to April 2023**



Source: ONS, Vacancy Survey

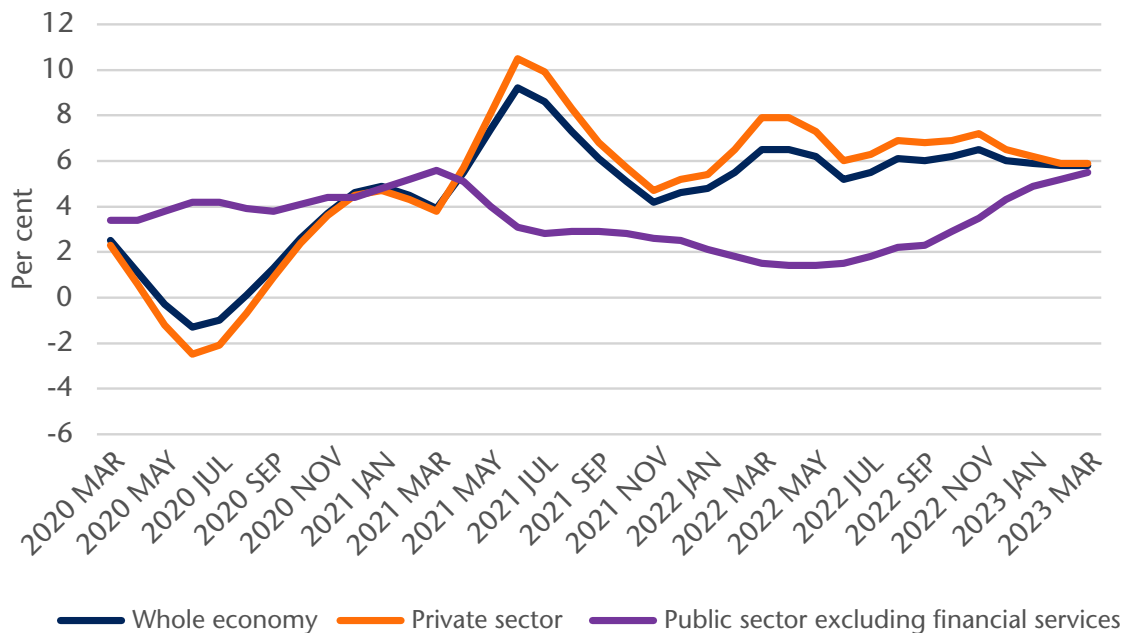
### Earnings across the economy

3.21 Whole economy average weekly earnings (including bonuses) were 5.8% higher in the three months to March 2023, compared with the same period a year earlier. Regular pay (excluding bonuses) grew by 6.7% over the same period.

3.22 Private sector average weekly earnings (including bonuses) were 5.9% higher in the three months to March 2023, compared with the same period a year earlier. Regular pay (excluding bonuses) grew by 7.0% over the same period.

3.23 Public sector (excluding financial services) average weekly earnings (including bonuses) were 5.5% higher in the three months to March 2023 compared with the same period a year earlier. Regular pay (excluding bonuses) grew by 5.6% over the same period.

**Figure 3.5: Growth in average weekly earnings, three months compared with same three months a year earlier, March 2020 to March 2023, Great Britain**



Source: ONS

- 3.24 PAYE data on earnings showed mean pay growth of 7.4% in March 2023, down from a peak of 8.5% in March 2022. In March 2023, pay at the median was 7.1% higher than a year earlier, pay at the 25th percentile was 7.6% higher than a year earlier, and pay at the 75th percentile was 6.3% higher than a year earlier.
- 3.25 The Government increased the NLW from 1 April 2023, by 9.7% from £9.50 to £10.42 per hour. The Low Pay Commission has been asked by Government to recommend increases to the NLW towards a target of two-thirds of median earnings by 2024, taking economic conditions into account. The LPC has said that its best estimate of the increase required to meet this target is for an NLW of £11.16 from April 2024.
- 3.26 Data from XpertHR, for the three months to April 2023, show median pay settlements at 6%. Covering the same period, Incomes Data Research (IDR) recorded a median of 5.6% and the Labour Research Department (LRD) has median pay settlements of 7.0%.
- 3.27 The Chartered Institute for Personnel and Development (CIPD)<sup>14</sup> said the labour market remains tight, and that vacant jobs are plentiful but available workers are scarce. It said that over half of employers have hard-to-fill vacancies, and a third anticipate significant problems in filling roles.

<sup>14</sup> <https://www.cipd.co.uk/knowledge/work/trends/labour-market-outlook#ref> (Winter 2022/23)

- 3.28 IDR<sup>15</sup> said that employers are adopting a variety of responses to tackle recruitment and retention pressures and to support their staff with the higher cost of living. These responses include: one-off payments; additional or interim pay rises; consolidated flat rate amounts; and planned pay rises being brought forward.
- Companies were offering one-off payments, as part of the annual pay review, worth between £100 and £3,000, averaging £800, or £500 at the median. In addition, some employers were awarding one-off payments outside the annual review of typically around £1,000, some to all members of staff, but others targeting their lowest paid employees.
  - Additional increases to basic salary at times other than the usual pay rise date for employees have also been seen. IDR listed examples in the retail and banking/finance sectors, worth between 4% and 8% on basic pay rates.
  - Early pay rises. Companies brought forward pay rises including Asda and WH Smith who brought forward April 2023 awards to July 2022.
  - Flat rate payments in the banking/finance sector of between £1,000 and £1,500 have been made in addition to or outside the usual pay process.

### **Alternative labour markets for NHS staff**

- 3.29 The NHS is the largest employer in the UK, with a presence in communities across the country, and can offer employment opportunities and job security for its staff. However, NHS employers also face significant challenges recruiting and retaining both clinical and non-clinical staff, given the level of vacancies across the economy and the competing financial and non-financial reward packages on offer.
- 3.30 In oral evidence, NHS Employers told us Trusts were competing with other organisations locally who offered higher base pay and recruitment bonuses. Four of the biggest supermarkets in the UK have now raised their hourly wage to at least £11 per hour, this includes Aldi, Lidl, Sainsburys and Tesco. Amazon is also offering entry-level warehouse roles with a starting salary of at least £11 per hour. This is compared to the entry-level salary in the NHS which was £10.57 an hour in England as of April 2023.
- 3.31 The market for healthcare staff is growing across the world. The World Health Organization (WHO) estimates there will be a shortage of 10 million healthcare workers worldwide by 2030. This is aggravated by healthcare staff increasingly migrating to higher-income countries in search of better career opportunities which has economic and health consequences in the low- and middle-income countries of origin, as well as implications for the broader global health community as disparities in healthcare workers' skill sets and availability widen<sup>16</sup>.

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<sup>15</sup> IDR Pay Climate Issue 32 <https://www.incomesdataresearch.co.uk/resources/pay-climate>

<sup>16</sup> <https://www.weforum.org/agenda/2023/01/medical-recruitment-crisis-davos23/>

- 3.32 Many other OECD countries, including Ireland, are stepping up their international recruitment activity. Some other countries offer employment opportunities perceived to be more attractive than AfC terms, including higher base pay. For example, many states in Australia are offering generous relocation packages to international healthcare workers, including a \$10,000 (AUD), approximately £5,000, relocation payment. The UK will be operating in an increasingly competitive market globally both in terms of attracting staff to the UK and retaining staff already working in the NHS.
- 3.33 The private healthcare market in the UK has rebounded following the COVID-19 pandemic. We heard from staff on our visits to NHS Trusts that they are approached by private providers offering them flexible working opportunities and, in some cases, higher base pay.
- 3.34 There has also been recent growth in the life sciences and technology sector<sup>17</sup>. The sector often offers higher base pay than the NHS and therefore is an attractive employment prospect for staff working in science and technology roles in the NHS.

### Northern Ireland economy

- 3.35 In March 2023, employment was 876,000, an increase of 24,000 from a year earlier. Over the same period the employment rate rose by 1.4 percentage points to 72.0%. The employment rate in Northern Ireland is lower than that in Scotland, and each of the English regions.
- 3.36 In March 2023, 306,000 people aged 16-64 were economically inactive, a fall of 15,000 from a year earlier. Over the same period the economically inactive rate fell by 1.4 percentage points, to 26.1%. The inactivity rate in Northern Ireland is higher than that in Scotland, Wales and each of the English regions.
- 3.37 The Northern Ireland Composite Economic Index (NICEI) showed that in the final quarter of 2022, economic output was 1.4% higher than in the previous quarter and 1.3% higher than in the same quarter a year earlier<sup>18</sup>. Private sector output was 1.6% higher than in the previous quarter and 1.0% higher than in the same quarter a year earlier. The public sector index was 0.6% higher than in the previous quarter and 2.3% higher than in the same quarter a year earlier.
- 3.38 Data from the Annual Survey of Hours and Earnings showed that in 2022 median annual earnings for full-time employees in Northern Ireland increased by 3.2% to £30,000, compared with a UK median of £33,000<sup>19</sup>. The highest 10% of earners earned £54,500 and above.

### Wales economy

- 3.39 In March 2023, employment was 1,425,000, a fall of 45,000 from a year earlier. Over the same period the employment rate fell by 2.6 percentage points to 71.5%. The employment rate in Wales was the lowest in the UK.

<sup>17</sup> <https://www.us.jll.com/en/newsroom/resiliency-and-innovation-fueling-life-sciences-growth>

<sup>18</sup> <https://www.nisra.gov.uk/statistics/economic-output-statistics/ni-composite-economic-index>

<sup>19</sup> <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings>

- 3.40 In March 2023, 477,000 people aged 16-64 were economically inactive, an increase of 28,000 from a year earlier. Over the same period the economic inactivity rate rose by 1.4 percentage points, to 24.9%. Only Northern Ireland had a higher economic inactivity rate than Wales.
- 3.41 Data from the Annual Survey of Hours and Earnings showed that in 2022 median annual earnings for full-time employees in Wales increased by 7.3% to £30,600, compared with a UK median of £33,000. The highest 10% of earners earned £52,000 and above.

### **Our assessment of the economy and the labour market**

- 3.42 The economy has continued to be volatile over much of the last three years. Following the COVID-19 pandemic, the economy's recovery has not been as strong as expected, and UK GDP remains lower than immediately prior to COVID-19. The latest data shows the economy was flat throughout 2022. It had been forecast that the UK would enter a technical recession in 2023, although both the Bank of England and the OBR now judge this to be unlikely.
- 3.43 The latest data show that the numbers in employment were almost 80,000 lower than before the pandemic. At the same time the number of people who were economically inactive increased by almost 360,000 over the same period. All of the increase in the number of people who were economically inactive was accounted for by an increase of almost 440,000 in the number of people classified as long-term sick. This reduces the number of people available to work at a time when there are still over one million vacancies across the economy, of which almost one in five are in the human health and social work activities sector. An increase in the number of people suffering with long-term sickness also places an increased burden on the NHS.
- 3.44 In the early stages of the pandemic, average weekly earnings fell in the private sector as economic activity was restricted and workers were placed on furlough, while in the public sector (excluding financial services) average weekly earnings continued to grow by around 4% through 2020. Following the pay freeze applied to much of the public sector in 2021, but not the NHS, average earnings growth in the public sector fell back during 2021 and the first half of 2022, bottoming out at 1.5% between April and June 2022. Data for the private sector has been more volatile but has shown stronger growth than in the public sector since April 2021. Through most of 2022 growth in average weekly earnings in the private sector was between 6% and 8%, while growth in public sector earnings recovered in the second half of 2022, reaching 5.5% in March 2023.

- 3.45 For many clinical roles, the NHS is the primary employer across the country. However, on our visits we heard from staff about employment opportunities outside the NHS. Many mentioned roles in the retail, distribution and hospitality sectors, where higher headline pay was available, coupled with a working environment perceived to be less stressful. We also heard in evidence about opportunities for staff with private healthcare providers, as well as in the growing science and technology sector. Internationally, a shortage of healthcare workers globally means there are more opportunities for staff in other developed countries where they offer generous packages and flexible working opportunities.
- 3.46 In March 2023, looking ahead, the OBR said that it expected whole economy average earnings growth of 5.8% in 2022/23 and 4.1% in 2023/24, while the latest independent forecasts (May 2023) are for average earnings growth of 5.2% in 2023.
- 3.47 In its written evidence to all the pay review bodies, HMT said that median private sector pay settlements provide the best comparator to public sector pay settlements in 2022-23, and that public sector awards significantly above the private sector could risk higher and more persistent inflation. At the time of submitting its evidence, HMT said that median private sector settlements were 4.0% in the second and third quarters of 2022, and based on a small sample of settlements, had increased to 5.0% in the three months to November 2022. There has been further upwards pressure on awards since then, with XpertHR data showing median pay settlements at 6% for the three months to April 2023. Covering the same period, IDR recorded a median of 5.6% and the Labour Research Department (LRD) has median pay settlements of 7.0%.
- 3.48 Many employers have made additional investments in pay to meet recruitment and retention pressures and the cost-of-living pressures felt by their workforces. These have included one off payments, additional or interim awards and the bringing forward of awards all of which are not reflected in the settlements data.
- 3.49 The 2018 framework for AfC sets out an ambition that the NHS in England should retain a competitive market advantage in the jobs market for staff employed in the lower pay bands<sup>20</sup>. In both April 2022 and 2023, the lowest NHS/HSC salaries in England and Northern Ireland have had to be increased before our reports were submitted, to levels that complied with the NLW. In evidence, a number of the parties express support for linking the Band 1 and Band 2 minimum pay points to the Living Wage Foundation real Living Wage, which is currently £10.90 per hour, and £11.95 per hour in London. The Welsh Government are committed to paying the real Living Wage, and a number of NHS organisations in England have become accredited real Living Wage employers, including some in London who are committed to paying the London real Living Wage.

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<sup>20</sup> <https://www.nhsemployers.org/articles/framework-agreement-2018-pay-deal?la=en&hash=84470722F9C63F6B33B5E3D90DF36C0A81F63765>



- 3.50 On 1 April 2023, the Low Pay Commission projected that the NLW required to meet its target that the NLW be two thirds of median hourly earnings by 2024 was £11.16 (within a range of £10.90 and £11.43). The agreement reached between the Government and the Trade Unions in England in May 2023 removed the lowest pay point on Band 2 in England. The 5% increase to Band 1 and to the remaining pay point on Band 2 increases the lowest FTE salary to an hourly rate of £11.45 per hour, which means that there is a reduced likelihood of a further temporary increase to NHS salaries in England from April 2024 to remain NLW compliant.
- 3.51 The UK Government is carrying high levels of debt, £2,274 billion (89% of GDP) in April 2023 which the OBR expect to peak at almost 95% of GDP in 2026-27. This is 2.7% of GDP lower than their forecast in November 2022, due to lower borrowing and higher nominal GDP, but 15% of GDP above the OBR forecast of March 2022.

## **NHS demand, funding, and affordability**

### **NHS demand**

- 3.52 Over the next 15 years, England's population is projected to increase by 4.2%. Over the same time, the number of people over 85 is expected to grow by 55%. The health needs of the population are therefore changing, and demand for services will continue to grow with demographic shifts.
- 3.53 The NHS in England now has the highest waiting list ever recorded, with 7.3 million patients on waiting lists in March 2023. Demand in Wales and Northern Ireland has also increased, and, as we set out in Chapter 2, both countries have lengthening waiting lists and are routinely missing key performance targets.
- 3.54 At the same time, the interdependencies with the social care sector are impacting on NHS capacity. As set out in paragraph 2.48, the lack of social care capacity is having a significant impact on the ability of Trusts to tackle their elective care backlog.

### **NHS funding**

- 3.55 A five-year funding plan for the NHS from 2019/20 was set out in June 2018 and, for England, enshrined in law in the NHS Funding Act 2020. Funding was allocated to clinical commissioning groups (CCGs) in England via allocations that included a growth assumption for pay awards. The funding allocations for the devolved administrations for Northern Ireland and Wales are determined using the Barnett formula, which allocates a population share of changes in NHS spending in England to Northern Ireland and Wales.
- 3.56 In the Autumn 2022 budget, NHSE were given a £3.3 billion cash boost for 2023/24 and 2024/25 compared to previous plans. In oral evidence, NHSE told us they had initially forecasted they would need an additional £6 billion due to the impacts of high inflation; however, this was reduced as inflation forecasts moderated.

- 3.57 Money for pay awards for the HSC in Northern Ireland is allocated annually by the Department of Health Northern Ireland and, in addition to AfC staff who work in health, it covers staff in social care. The cost impact of a pay award will be greater in Northern Ireland than in England, as any Barnett funding will relate only to NHS AfC staff. The Department of Health told us there is currently no funding for a pay award and they would have to bid for funding from the Department of Finance. They said they needed any pay award to be fully funded by HMT.

### **Affordability**

- 3.58 DHSC told us in its written evidence, received on 21 February 2023, that, given the financial settlement provided by HMT to the Department and reprioritisation decisions, funding was available for pay awards up to 3.5% in 2023/24. The department said that pay awards above this level would require trade-offs for service delivery or further government borrowing.
- 3.59 Subsequently, on 2 May 2023, the NHS Staff Council accepted an offer from the UK Government for England of a consolidated increase in pay of 5% for 2023/24, and the removal of the lowest pay point on AfC Band 2. Overall, this will add 5.2% to the AfC paybill. In addition, for 2022/23, all AfC staff will receive a non-consolidated award of 2%, and a one-off NHS backlog bonus, recognising the sustained pressure facing the NHS following the pandemic and the extraordinary effort staff have been making to hit backlog recovery targets. The NHS backlog bonus is worth between £1,250 and £1,600 for full-time staff, or between 1.5% for the highest paid and 6.2% for the lowest paid, and is equivalent to 4% of the AfC paybill.
- 3.60 DHSC went on in its evidence on to say that the consolidated 2022/23 award, which added 4.8% to the paybill, cost £1.4 billion more than was considered affordable. It said that despite making further efficiencies there was a reduction to IT transformation funding. NHSE told us if the pay award was not fully funded in 2023/24, they would have to look at re-prioritisation of funding currently allocated for national projects.
- 3.61 We were told by DHSC that the large size of the NHS workforce, compared to other workforces makes the impact of pay pressures correspondingly greater, and that pay rises above what has been provisioned will have a material impact on delivery of the government's commitments and what the NHS has set out to achieve.
- 3.62 Some NHS services in England, such as sexual health services, are funded via the Public Health grant, rather than through NHS funding. These services employ staff, such as nurses, on the AfC contract. On our visits this year, we heard the Public Health grant was not uplifted to cover the 2022/23 pay uplift. This meant, locally, NHS organisations had to cut public health services to ensure there was funding for the uplift.

- 3.63 The Welsh Government told us they were keen to see a fair and competitive award that recognised the dedication and hard work of AfC staff. They did not want to set any affordability constraints; however, they are already looking at a very pressurised budget for 2023/24. In February 2023, the Welsh Government offered an additional 3% to AfC staff, of which 1.5% is consolidated and 1.5% is non-consolidated.
- 3.64 Following the deal the UK Government made with the NHS Staff Council, the Welsh Government and the NHS Trade Unions in Wales agreed on a pay deal for Wales for 2023/24. The deal was also composed of both pay and non-pay elements. On pay, they agreed a further non-consolidated award worth between £900 and £1190 for full-time staff and a 5% consolidated award for 2023/24. They also agreed to further investment to uplift the Band 1 spot rate and the entry point for Band 2 to the top of Band 2. This will see entry-level pay in the NHS in Wales increase to £11.62 per hour.
- 3.65 The Welsh Government, the Department of Health Northern Ireland, NHSE, NHS Employers and NHS Providers said that a settlement that is not fully funded will impact on services and the number of staff they can recruit. As set out last year, it is not clear cut that money spent on increasing pay for individual members of staff prevents the recruitment of more staff.

## **Productivity**

- 3.66 The Build Back Better plan aimed to increase elective activity by 30% in England by 2024-25. However, the NHS has struggled to increase the number of patients it is treating each month due to the ongoing pressures of COVID-19, limited social care discharge, aging capital stock and sustained demand.
- 3.67 In the 10 months following the publication of the elective recovery plan, the NHS treated 5% fewer patients from the waiting list than over the same period in 2019. Therefore, to deliver on the Build Back Better ambition, the NHS would require double-digit growth in treatment volumes over the next two years. This is compared with an average annual growth in treatment volumes of 2.9% in the five years prior to the pandemic.
- 3.68 Ensuring sufficient staffing numbers within the service is critical given the enormity of the challenge in meeting the elective recovery ambitions. Beyond the ongoing impacts of COVID-19 and the challenges with social care capacity, the National Audit Office (NAO) identified other factors affecting productivity, including reduced willingness to take on extra shifts. The NAO say this could reflect reduced staff goodwill which can be the result of reduced job satisfaction.

## Our assessment of NHS demand, funding, affordability and productivity

- 3.69 With an aging population, a care backlog and high levels of long-term sickness, and as waiting lists continue to increase, there is no doubt that operational pressures will continue to impact on services and staff. Although there are ambitions to improve productivity through new ways of working and systems investment these are yet to be realised, and productivity growth is lower than pre-pandemic. In the medium term, the NHS will need an increased number of engaged and motivated staff to deal with current demand, which will in turn drive down waiting lists in the longer term.
- 3.70 Alongside this, 16% of the working age population reported themselves as long-term sick in March 2020 and this grew by five percentage points over the COVID-19 pandemic<sup>21</sup>. A growing inflow into this group were previously categorised as short-term sick. The Bank of England have said that delays in treatment are likely to have played a significant role in the rise of long-term sickness<sup>22</sup>. One specific study found longer waiting times for mental health treatment is significantly associated with a deterioration in patient outcomes<sup>23</sup>.
- 3.71 The fiscal position remains challenging. The UK Government is carrying high levels of debt and as set out at 3.56, the Government has already committed an additional £3.3 billion to the NHS over the next two years.
- 3.72 The NHS needs to retain its experienced staff, and recruit more staff, to deal with the demand the service continues to experience. The King's Fund have said the principal rate-limiting factor in increasing activity is the availability of staff. NHS Chief Executives told us in oral evidence that their ability to deliver the transformational change needed to improve productivity was impeded by the need to “fire fight” constantly because of staff shortages.
- 3.73 Each 1% pay award would add £543 million to the pay bill<sup>24</sup> in England, £39 million in Wales and £30 million in Northern Ireland. We note the concerns of NHSE, NHS Employers and NHS Providers that a settlement that is not fully funded will have a detrimental and significant impact on service delivery.
- 3.74 We note that the DHSC asked us this year to pay particular weight in our considerations to the significant cost of an increase to our remit group and the impact of that cost of NHS delivery. It is the case that a given percentage increase for a large remit group will inevitably cost more than the same increase for a small group. The affordability of any increase is one important consideration in our assessment. The size of the NHS and the relatively larger staff numbers required to deliver the service does not mean that issues of recruitment, retention, motivation and morale can be treated as less important than for other, smaller remit groups.

<sup>21</sup> <https://www.imperial.ac.uk/people/j.haskel/document/9802/Haskel%20Martin%20sickness%20inactivity%20v2/?Haskel%20Martin%20sickness%20inactivity%20v2.pdf>

<sup>22</sup> <https://www.bankofengland.co.uk/monetary-policy-report/2023/february-2023>

<sup>23</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6221005/>

<sup>24</sup> Paybill includes total employee earnings, employer national insurance and employer pension contributions. It does not include wider system costs.

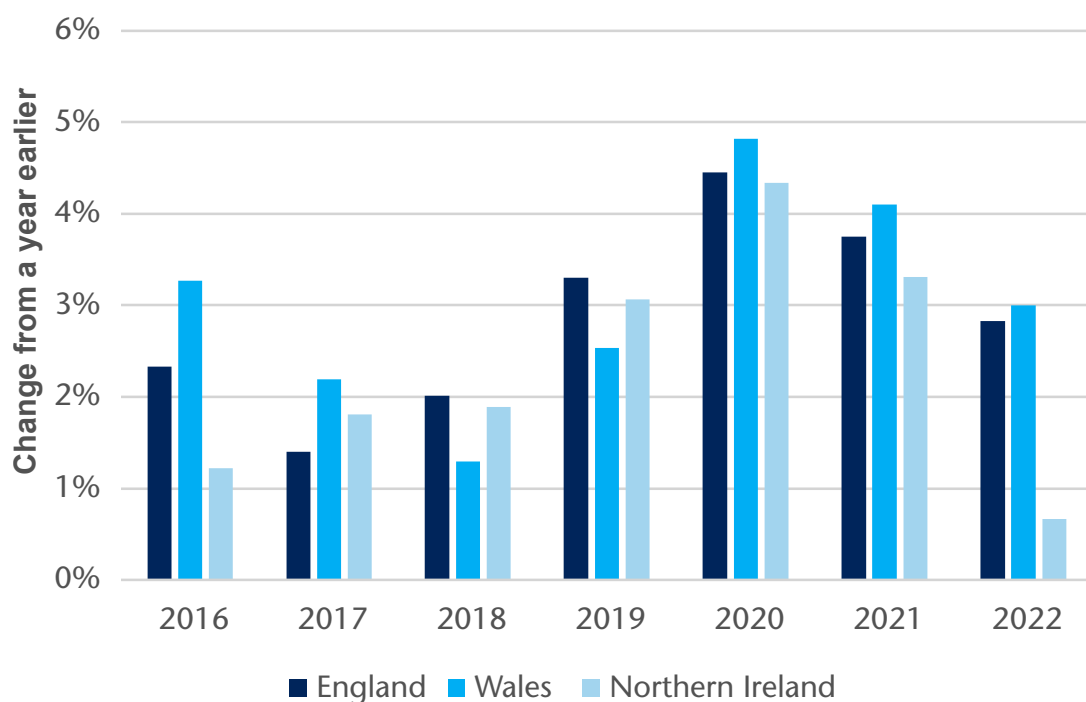
## Workforce

3.75 The workforce is crucial to the ability of the NHS to meet the increasing demands placed upon it. In this section we review the numbers and composition of staff in England, Northern Ireland and Wales, where data is available. We then review the flows of staff into and out of the service.

### AfC workforce across England, Northern Ireland and Wales

3.76 The AfC workforce continues to increase year-on-year, both overall and across all three nations. In December 2022, the most recent date for which data is available for all three countries, there were 1.27 million FTE AfC staff in England, Northern Ireland and Wales, of which, approximately 1,124,000 were working in England, 60,000 in Northern Ireland and 85,000 in Wales. In the year to December 2022, compared with a year earlier, the number of FTE staff rose by 3.6% in England, 2.9% in Wales, and 0.9% in Northern Ireland. On a headcount basis there were 1.43 million AfC staff as of December 2022, of which approximately 1,268,000 were in England, 67,000 in Northern Ireland, and 98,000 in Wales. We also track the trends in the workforce and Figure 3.6 shows the change in staffing numbers each year since 2016.

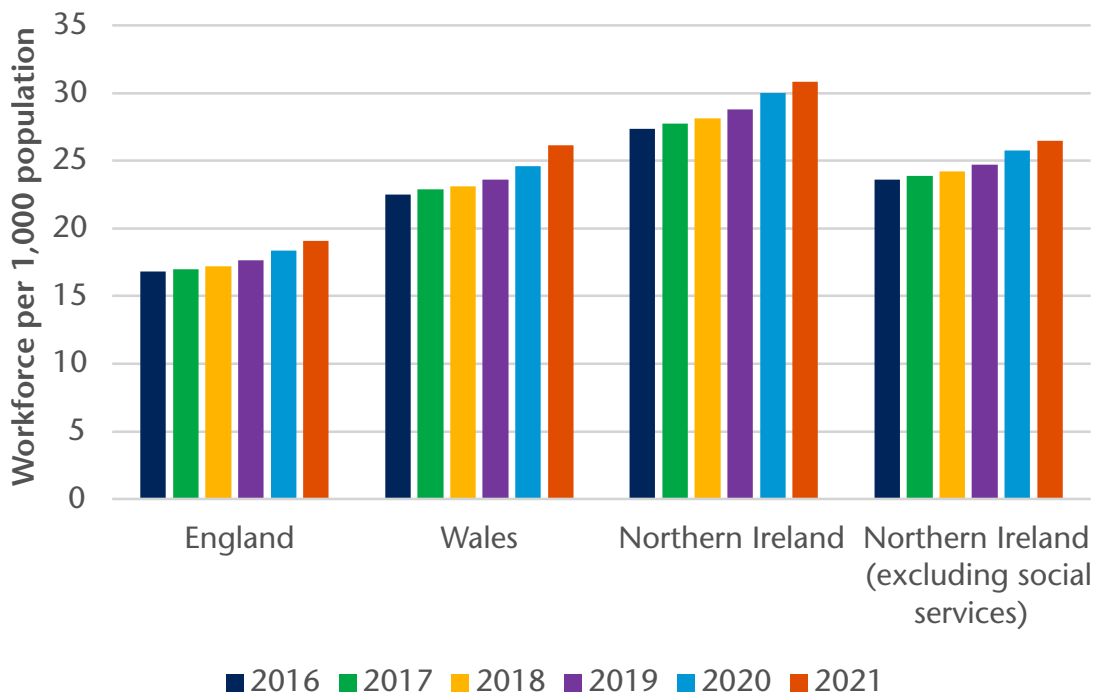
**Figure 3.6: Change in AfC full time equivalent workforce, England, Wales and Northern Ireland, 2016 to 2022**



Source: NHS Digital, Stats Wales, Department of Health, Northern Ireland

- 3.77 Against this background, Figure 3.7 shows the number of FTE AfC staff per 1,000 population in England, Wales and Northern Ireland. The increase in the height of the bars for each country shows that the number of FTE staff is growing more quickly than the population. The chart also shows that England has the fewest FTE AfC staff per 1,000 population, whereas Northern Ireland has the largest number of AfC staff relative to the population. Unlike England and Wales, the workforce in Northern Ireland includes those working in social services, although even after adjusting for this difference, Northern Ireland still has more AfC staff per 1,000 population than England and a similar number to Wales.

**Figure 3.7: NHS AfC full time equivalent workforce per 1,000 population, England, Wales and Northern Ireland, 2016 to 2021**



Source: OME calculations based on data from NHS Digital, Stats Wales, Department of Health, Northern Ireland, ONS

- 3.78 While December 2022 is the most recent date for which data has been published in all three countries, more recent data for England and Northern Ireland has been published, to March 2023. Tables 3.1 to 3.3 show the latest data for each country by staff group.
- 3.79 In **England**, in March 2023, there were 1,146,543 FTE AfC staff in England, an increase of 48,257, or 4.4%, from a year earlier. The overall increase in the number of AfC staff was driven by increases in the number of clinical support staff (19,068, 5.0%), nurses and health visitors (12,508, 3.9%), and NHS infrastructure support staff (10,424, 5.2%). The number of midwives increased by 281 (1.3%), having fallen by 496 (-2.2%) in the previous 12 months.
- 3.80 Compared with March 2020, FTE AfC staff in March 2023, had grown by: 12% overall; 1% for midwives; 11% for nurses and health visitors, ambulance staff and scientific, therapeutic and technical staff; 14% for support to clinical staff and 15% for NHS infrastructure support staff.

**Table 3.1: NHS AfC FTE workforce, England, by staff group, March 2020 to March 2023**

	Mar-20	Mar-21	Mar-22	Mar-23	Change 22-23	% Change 22-23	Change 20-23	% Change 20-23
AfC	1,020,973	1,073,669	1,098,286	1,146,543	48,257	4.4%	125,570	12%
Nurses & health visitors	300,497	311,137	321,624	334,132	12,508	3.9%	33,635	11%
Midwives	22,128	22,523	22,027	22,308	281	1.3%	180	1%
Ambulance staff	16,814	17,760	18,095	18,681	585	3.2%	1,867	11%
Scientific, therapeutic & technical staff	146,377	153,653	157,706	163,015	5,309	3.4%	16,639	11%
Support to clinical staff	350,036	376,154	379,133	398,200	19,068	5.0%	48,165	14%
NHS infrastructure support	183,064	191,510	199,250	209,674	10,424	5.2%	26,610	15%
Other staff or those with unknown classification	2,058	933	450	533	83	18.3%	-1,525	-74%

Source: NHS Digital

- 3.81 In **Wales**, in December 2022, there were 84,541 FTE AfC staff in Wales, an increase of 2,375, or 2.9%, from a year earlier. The overall increase in the number of AfC staff was driven by increases in the number of scientific, therapeutic and technical staff (802, 5.2%) and administration and estates staff (983, 4.5%).
- 3.82 Compared with December 2019, prior to COVID-19, AfC staff in December 2022, had grown by: 13% overall; 20% for administration and estates staff; 17% for scientific, therapeutic and technical staff; 13% for ambulance staff; 13% nursing and midwifery support staff; 9% registered nursing staff. Over the same period, the number of registered midwives and the number of health care assistants and other support staff both fell by 1%.

**Table 3.2: NHS AfC FTE workforce, Wales, by staff group, December 2019, December 2021 and December 2022**

	Dec-19	Dec-21	Dec-22	Change 21-22	% Change 21-22	Change 19-22	% Change 19-22
All registered nursing staff	21,451	22,907	23,302	395	1.7%	1,851	9%
All registered midwifery staff	1,399	1,393	1,380	-13	-0.9%	-19	-1%
All nursing and midwifery support staff	10,501	11,517	11,894	377	3.3%	1,394	13%
Administration and estates staff	19,122	22,023	23,006	983	4.5%	3,884	20%
Scientific, therapeutic and technical staff	13,871	15,404	16,207	802	5.2%	2,335	17%
Health care assistants and other support staff	5,929	5,958	5,885	-72	-1.2%	-43	-1%
Ambulance staff	2,440	2,852	2,747	-105	-3.7%	306	13%
Other non-medical staff	88	112	120	8	6.9%	32	36%
<b>All staff (excluding medical and dental)</b>	<b>74,800</b>	<b>82,166</b>	<b>84,541</b>	<b>2,375</b>	<b>2.9%</b>	<b>9,740</b>	<b>13%</b>

Source: Stats Wales

- 3.83 In **Northern Ireland**, in March 2023, there were 59,855 FTE AfC staff in Northern Ireland, an increase of 316, or 0.5%, from a year earlier. The overall increase in the number of AfC staff was driven by an increase in the number of registered nursing and midwifery staff of 589, or 3.5%. There were falls in the number of support services staff, nurse support staff, ambulance staff, professional and technical staff, and estates services staff.
- 3.84 Compared with March 2019, prior to COVID-19, FTE AfC staff in March 2023, had grown by: 11% overall; 14% for admin and clerical staff, and professional and technical staff; 13% for registered nurses and midwives; 11% for social services staff (excluding domiciliary care staff), and estates services staff; 9% for ambulance staff; 2% for nurse support staff; 1% for support services staff.



**Table 3.3: Health and Social Care (HSC) AfC FTE workforce, Northern Ireland, by staff group, March 2019, March 2022 and March 2023**

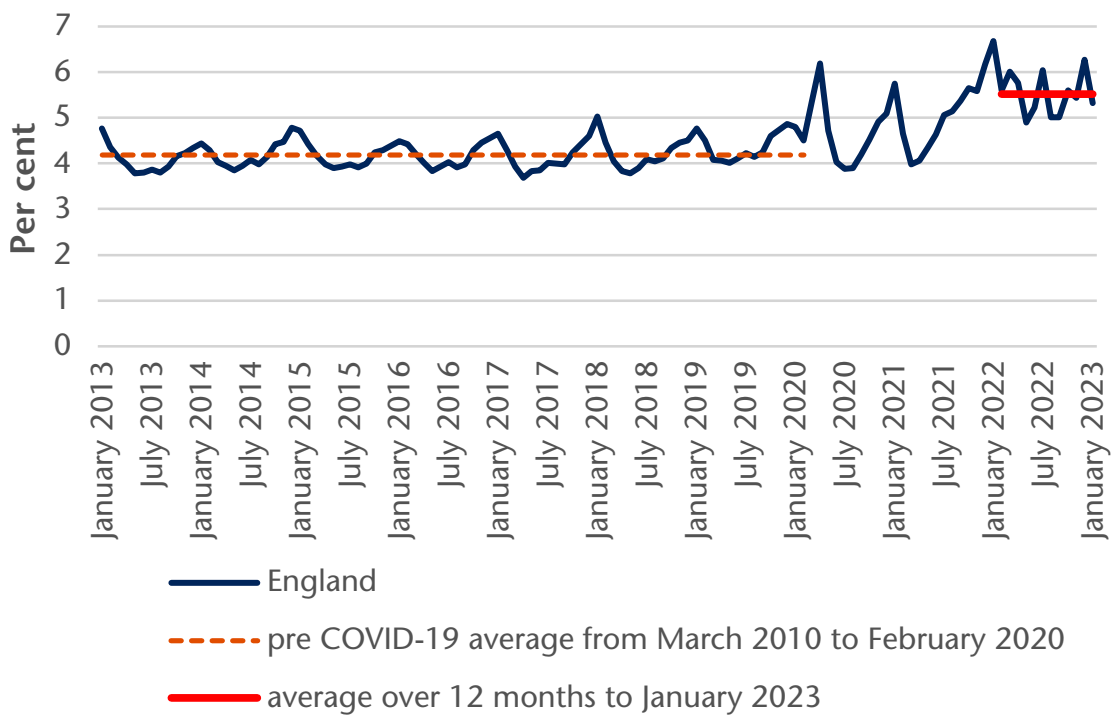
Staff Group	2019	2022	2023	Change 2022-23	% Change 2022-23	Change 2019-23	% Change 2019-23
Admin & Clerical	11,295	12,865	12,867	2	0.0%	1,572	14%
Estates Services	722	811	800	-11	-1.4%	78	11%
Support Services	4,994	5,186	5,049	-137	-2.6%	56	1%
Registered Nursing & Midwifery	15,303	16,773	17,362	589	3.5%	2,059	13%
Nurse Support Staff	4,433	4,630	4,500	-129	-2.8%	67	2%
Social Services (excluding Domiciliary Care)	7,498	8,212	8,320	108	1.3%	822	11%
Professional & Technical	8,506	9,703	9,661	-42	-0.4%	1,155	14%
Ambulance	1,188	1,359	1,295	-64	-4.7%	108	9%
<b>Total</b>	<b>53,939</b>	<b>59,539</b>	<b>59,855</b>	<b>316</b>	<b>0.5%</b>	<b>5,916</b>	<b>11%</b>

Source: Department of Health, Northern Ireland

## Sickness absence

3.85 Figure 3.8 shows sickness absence rates in **England** for staff as a whole between January 2013 and January 2023. Between January 2013 and February 2020 (pre COVID-19) monthly sickness absence rates fluctuated in a narrow range, between 4% and 5%, averaging 4.2% over that period. Since early 2020 there has been more volatility in sickness absence rates, with spikes in absence in the spring of 2020 and the winter of 2020/2021, followed by periods when sickness absence rates dropped back to 4%. However, following a further spike in sickness absence in the winter of 2021/2022 absence rates failed to fall back to 4%. Indeed, the monthly sickness absence rate has only fallen below 5% in one month since July 2021, with the average sickness absence rate in the 12 months to January 2023 at 5.5%. The difference between the sickness absence rate for the 12 months to January 2023, and the long-term average is 1.3 percentage points, the equivalent of having 15,000 fewer AfC FTE staff.

**Figure 3.8: Sickness absence rates in England, all staff, January 2013 to January 2023**



Source: NHS Digital

- 3.86 Table 3.4 shows average rates of sickness absence in **England**, by **staff group**, in the year to February 2020 (the 12 months pre COVID-19) and the year to January 2023. The staff groups with the highest rates of sickness absence in the year to January 2023 were support to ambulance staff (9.5%), ambulance staff (7.5%), support to doctors, nurses and midwives (7.5%) and hotel, property and estates staff (7.6%).

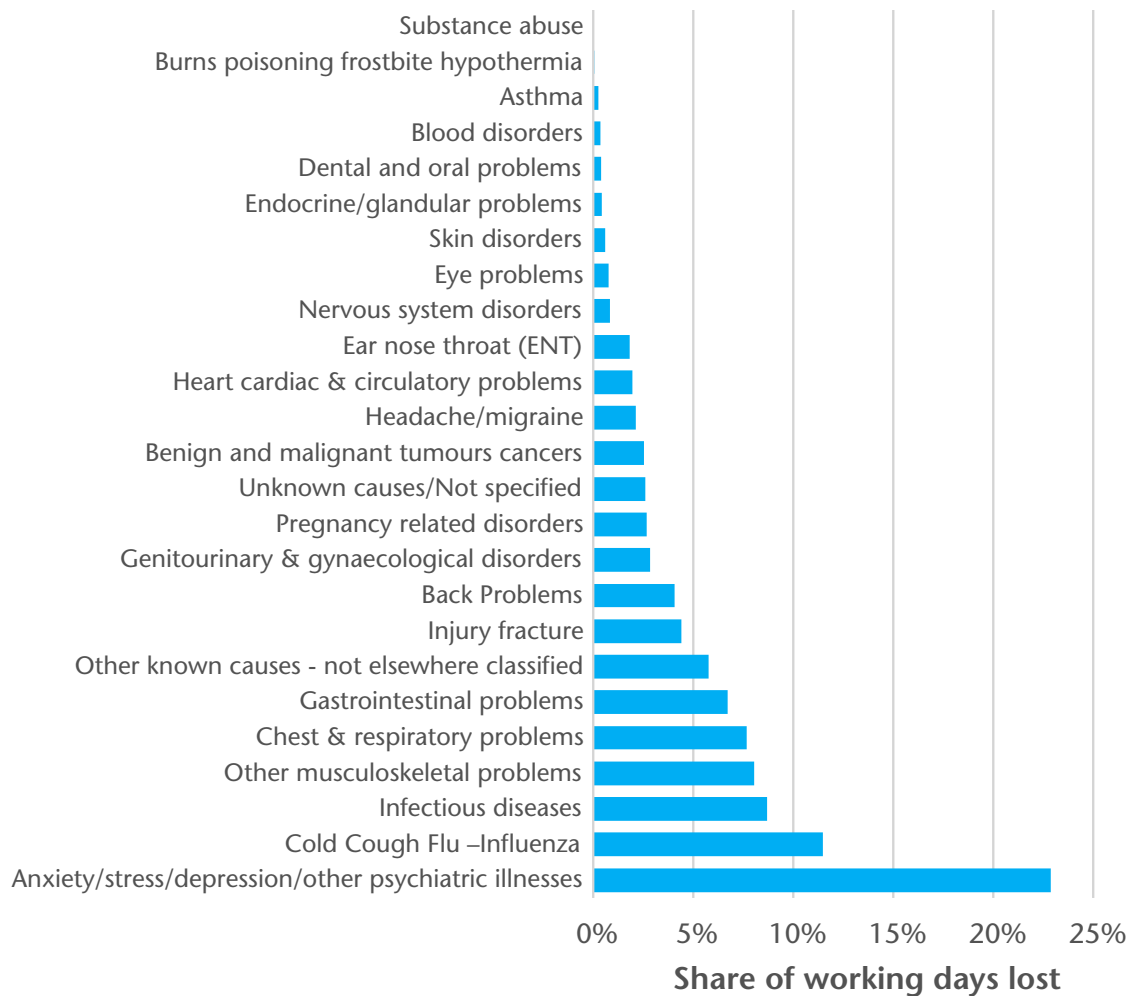
**Table 3.4: Rates of sickness absence, England, 12 month average to February 2020 and 12 month average to January 2023, by staff group, %**

Staff group	12-month average to February 2020	12-month average to January 2023	Change between February 2020 and January 2023
	<b>Percentage points</b>		
<b>All staff groups</b>	4.4	5.5	1.2
<b>Nurses &amp; health visitors</b>	4.6	6.0	1.4
<b>Midwives</b>	5.0	6.7	1.7
<b>Ambulance staff</b>	5.3	7.5	2.2
<b>Scientific, therapeutic &amp; technical staff</b>	3.1	4.3	1.1
<b>Support to clinical staff</b>	5.9	7.4	1.5
Support to doctors, nurses & midwives	6.0	7.5	1.5
Support to ambulance staff	6.6	9.5	3.0
Support to ST&T staff	5.1	6.2	1.1
<b>NHS infrastructure support</b>	4.0	4.4	0.5
Central functions	3.6	3.7	0.1
Hotel, property & estates	6.0	7.6	1.6
Senior managers	1.8	1.9	0.1
Managers	2.3	2.3	0.0
<b>Other staff or those with unknown classification</b>	1.6	1.1	-0.5

Source: NHS Digital

- 3.87 The staff groups with the largest changes in sickness absence rates between the 12-months to February 2020 and the 12-months to January 2023 were support to ambulance staff (increase of 3.0 percentage points), ambulance staff (2.2) and midwives (1.7). The staff groups with the smallest changes in sickness absence rates over the period were central functions (0.1), senior managers (0.1) and managers (0.0).
- 3.88 Figure 3.9 shows the reasons for sickness absence in England, for AfC staff, in the 12 months to January 2023. The most common reason for sickness absence was 'anxiety, stress, depression and other psychiatric problems', accounting for 23% of all absence. The next most common reasons for sickness were 'cold, cough, flu' (11%), 'infectious diseases' (9%), 'chest & respiratory problems' (8%) and 'other musculoskeletal problems' (8%).

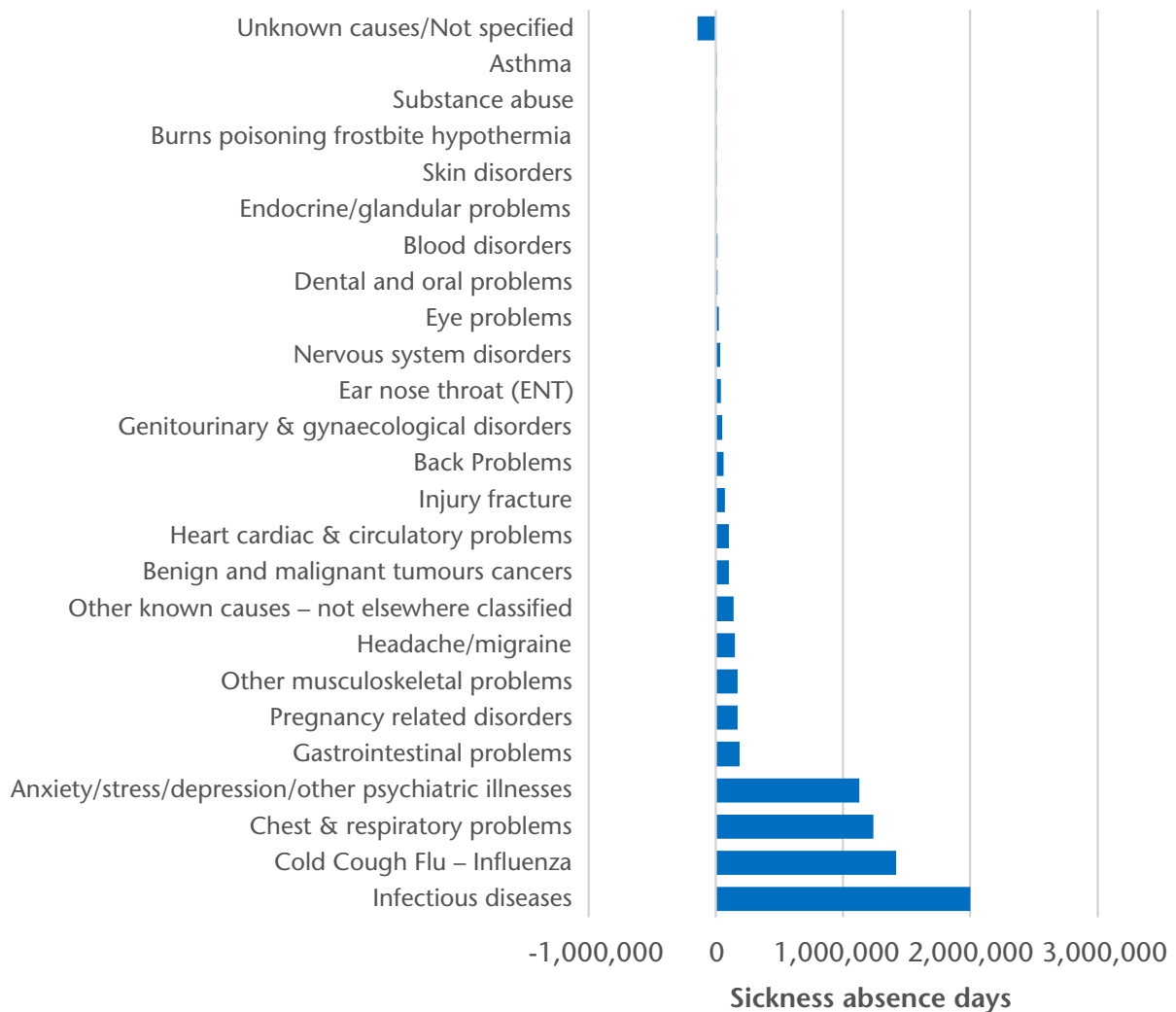
**Figure 3.9: Sickness absence days, by reason for absence, % of all sickness absence, England, 12 months to January 2023**



Source: NHS Digital

- 3.89 In the 12 months to January 2023, there were 25.7 million AfC staff days lost to sickness absence, an increase of 7.0 million, from 18.7 million in the 12 months to March 2020. Figure 3.10 shows that most of the extra sickness absence was related to 'infectious diseases' (2.0 million days), 'chest & respiratory' problems' (1.4 million), 'cold, cough, flu' (1.2 million), and 'anxiety, stress, depression and other psychiatric problems' (1.1 million).

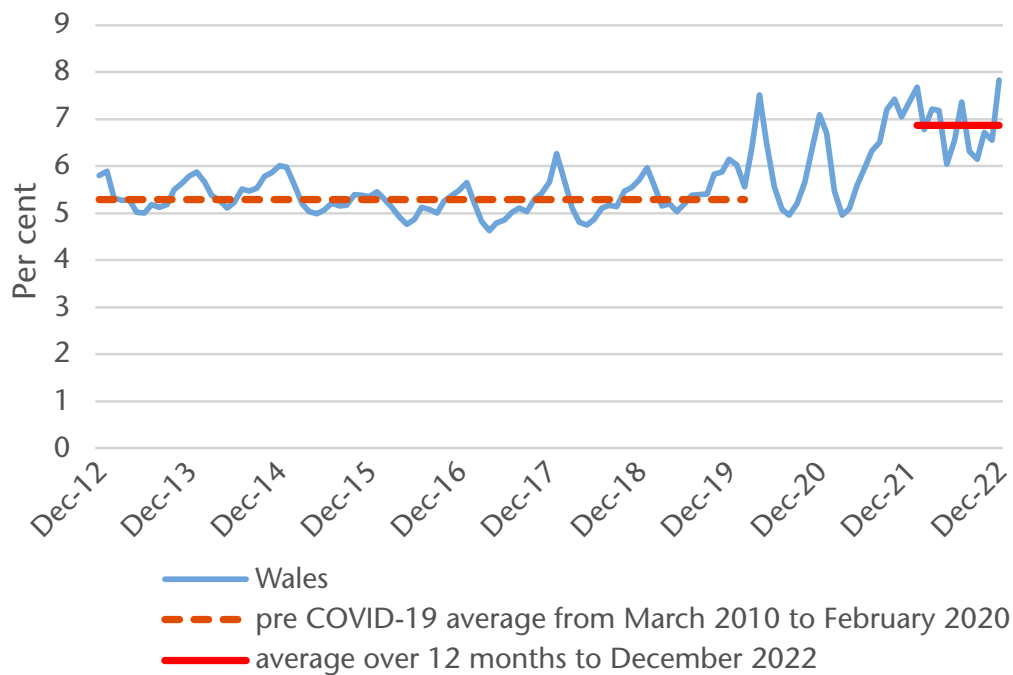
**Figure 3.10: Change in the number of sickness absence days between 12 months to March 2020 and 12 months to January 2023, by reason for absence, England, AfC staff**



Source: NHS Digital

3.90 Figure 3.11 shows sickness absence rates in **Wales** for staff as a whole, between December 2012 and December 2022. Between 2010 and February 2020 (pre COVID-19) monthly sickness absence rates fluctuated in a narrow range, between 5% and 6%, with a 12-month average around 5.3%. Since early 2020 there has been more volatility in sickness absence rates, with spikes in absence in the spring of 2020 and the winter of 2020/2021, followed by periods when sickness absence rates dropped back to 5%. However, following a further spike in sickness absence in the winter of 2021/2022 absence rates failed to fall back to 5%. Indeed, the monthly sickness absence rate has been above 6% every month since June 2021, with the 12-month average absence rate in the year to December 2022 at 6.9%. The difference between the sickness absence rate for the 12 months to December 2022, and the long-term average is 1.6 percentage points, the equivalent of having 1,300 fewer AfC FTE staff in Wales.

**Figure 3.11: Sickness absence rates in Wales, all staff, December 2012 to December 2022**



Source: Stats Wales

- 3.91 Table 3.5 shows average rates of sickness absence in **Wales**, by **staff group**, in the year to March 2020 (the 12 months pre COVID-19) and the year to December 2022. The staff groups with the highest rates of sickness absence in the year to December 2022 were ambulance staff (11.1%), healthcare assistants and support workers (10.0%), and nursing, midwifery and health visiting staff (8.5%).
- 3.92 The staff groups with the largest changes in sickness absence rates between March 2020 and December 2022 were ambulance staff (increase of 3.6 percentage points), healthcare assistants and support workers (2.1) and nursing, midwifery and health visiting staff (1.7). The staff group with the smallest change in sickness absence rates over the period was administrators, estates and general payments staff (0.6).

**Table 3.5: Rates of sickness absence, Wales, 12 month average to March 2020 and 12 month average to December 2022, by staff group, %**

Staff group	12 month average to March 2020	12 month average to December 2022	Change between March 2020 and December 2022
	Percentage points		
All staff groups	5.6	6.9	1.2
Scientific, Therapeutic and Technical staff	4.4	5.7	1.3
Administration, Estates and General Payments staff	4.8	5.3	0.6
Nursing, Midwifery and Health Visiting staff	6.8	8.5	1.7
Ambulance staff	7.6	11.1	3.6
Healthcare Assistants and Support Workers	8.0	10.0	2.1

Source: Stats Wales

### Assessment of the AfC workforce

- 3.93 We have seen year on year growth in the NHS workforce. However, the growth has been uneven across workforce groups, has not kept pace with demand, and has varied across countries. In England, between March 2022 and March 2023, the NHS has seen the biggest increase in infrastructure support staff (5.2%) but has only seen a 1.3% growth in the number of midwives.
- 3.94 The trend seen in Wales is similar, with non-clinical support staff making up the biggest increase. We are concerned to see a fall in some clinical workforce groups, such as midwives and ambulance staff.
- 3.95 Northern Ireland have seen the least growth in their workforce, with an increase of 0.5% between March 2022 and March 2023. We heard on our visits that the health service in Northern Ireland has lengthy recruitment processes with delays to appointments lasting months.
- 3.96 Sickness absence reduces the number of suitably qualified staff available to work and is an indicator of staff engagement and both the mental and physical health of the workforce. Increased levels of sickness can be an indicator of low morale and motivation and in turn an indicator of retention challenges.
- 3.97 Between 2012 and 2019, monthly sickness absence rates in both England and Wales moved in narrow ranges: 4-5% in England; 5-6% in Wales. In both countries absence rates rose, for short periods, above those ranges in the spring of 2020 and the winter of 2020-21, before falling back to normal levels. However, since the middle of 2021 the monthly rates recorded in each country exceed the peaks seen in the decade prior to COVID-19, suggesting that average levels of sickness absence are higher than those seen prior to COVID-19. Although COVID-19 now receives much less media attention than in 2020 and 2021, much of the extra sickness absence in England can be linked to COVID-19 (infectious diseases, chest & respiratory problems).

- 3.98 Combined with widespread staff shortages, a high vacancy rate and leaver rate, the sickness absence rate is a huge cause of concern. A long-term increase in sickness absence places more pressure on staff who are fit to work, and increases the need for temporary staffing, with knock-on effects on the ability to provide healthcare, the quality of that healthcare and the cost of its provision. Each 1 percentage point increase in the rate of sickness absence means that there are 11,000 fewer FTE staff available to the NHS in England, and 800 fewer FTE staff available in Wales.

### Workforce planning

- 3.99 In its written evidence, DHSC said that the government had committed to publishing a comprehensive workforce plan in 2023 which would include independently verified forecasts of the number of nurses and other professionals that will be needed in five, ten and 15 years' time. At the time of writing, the report is set to be published in Spring 2023.
- 3.100 The Department of Health Northern Ireland said that effective planning was essential to ensuring health and social care services are sustainable and delivered to an appropriate safe standard. In June 2022<sup>25</sup> the then Health Minister published a second action plan (2022-23 to 2024-25) towards the aim of, by 2026, developing and sustainably funding an optimum workforce model for reconfigured health and social care services. The Department said that the strategy will be informed by a rolling programme of regional strategic workforce reviews coordinated by the Department's Workforce Policy Directorate.
- 3.101 On 1 February 2023, the Welsh Government published their National Workforce Implementation plan in response to the additional demands on the NHS workforce since the COVID-19 pandemic. The plan includes immediate actions to address the current pressures, such as recruiting more nurses from overseas and creating an 'All Wales Collaborative Bank' to enable the NHS to address short term staffing issues.

### Our assessment of workforce planning

- 3.102 There have been calls for the publication of a workforce plans across the healthcare sector for many years. Effective workforce planning is essential to ensure that appropriate levels of staff are available to deliver safe, high-quality care to patients in the longer term. In a letter to the Chancellor of the Exchequer, in March 2023, the NHS Confederation said the NHS would be stuck in perpetual crisis management without a fully funded workforce plan.
- 3.103 We note HMT's reported concerns about workforce planning and we recognise there are a number of unknowns in delivering a workforce plan. However, we judge that a workforce plan is a critical step in reducing staff shortages in the long-term and look forward to its publication this Spring.

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<sup>25</sup> <https://www.northernireland.gov.uk/news/swann-publishes-workforce-action-plan>

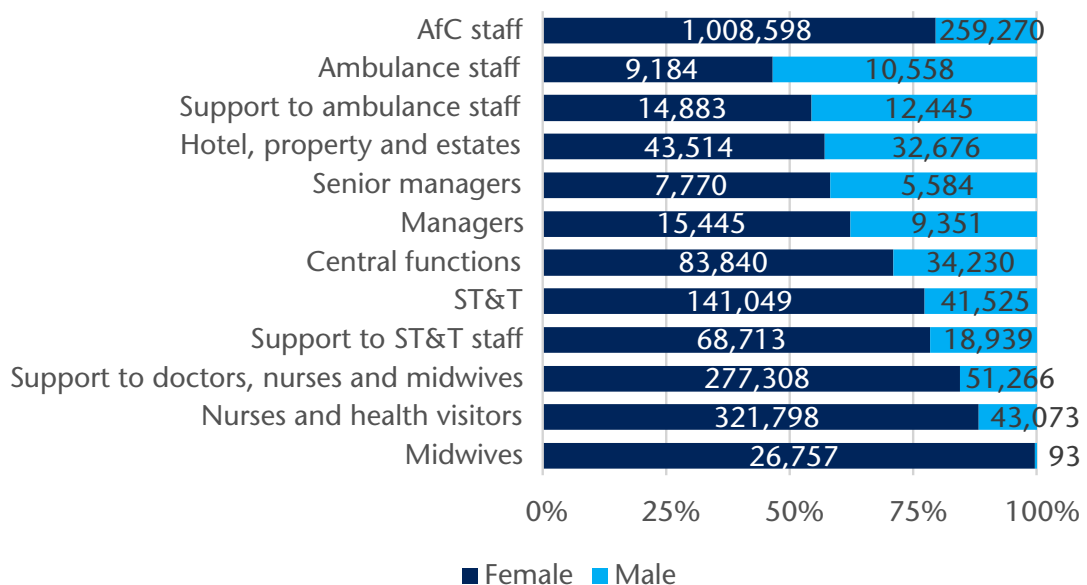


- 3.104 The Department of Health Northern Ireland published a workforce action plan in June 2022. However, as noted last year, there are a number of specific challenges in Northern Ireland for the health service to overcome before any ambitions are realised.
- 3.105 We welcome the publication of the Welsh Government’s Workforce Implementation Plan and look forward to monitoring the progress and impact of the plan.

### AfC workforce across England, Northern Ireland and Wales – by age, disability, ethnicity and gender

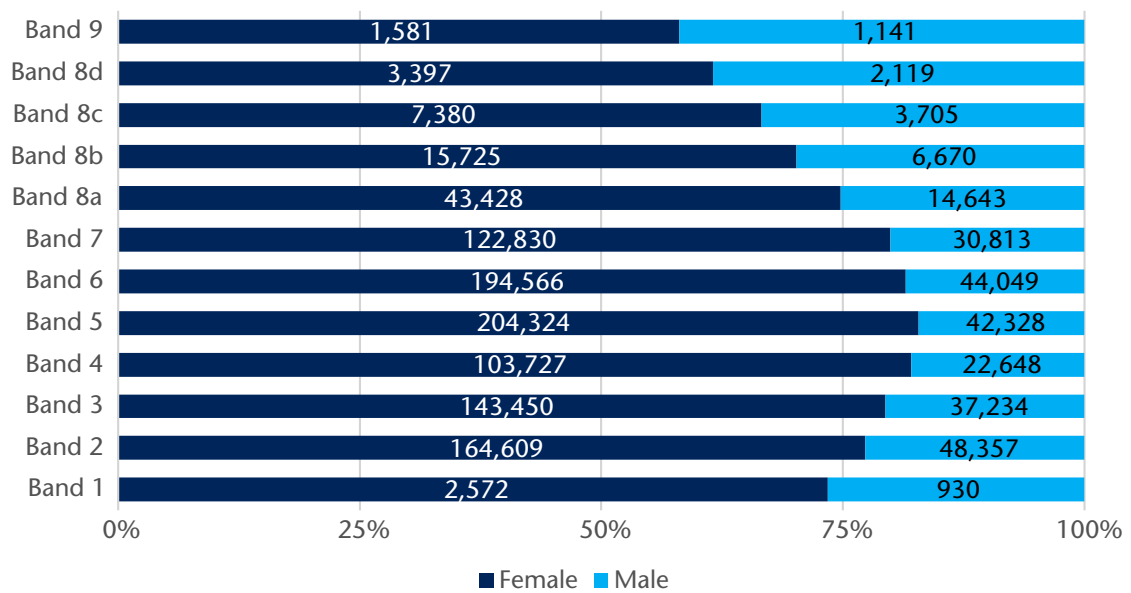
- 3.106 In this section we consider selected characteristics of AfC staff to monitor the representation of different groups in the workforce.
- 3.107 Figures 3.12 and 3.13 show a breakdown of AfC staff in **England, by gender**, by broad staff group and by band in December 2022. Overall, in Figure 3.12, we note that men make up 20% of AfC staff in England, and that in all staff groups other than ambulance staff, in which men account for 53% of the workforce, women make up a majority of the workforce. We also see from the data that the only other staff groups where men make up more than 40% of the workforce are support to ambulance staff (46%), hotel, property and estates (43%) and senior managers (42%). The analysis by AfC pay band in Figure 3.13, also shows that women make up a majority of staff in every pay band, and at least 70% of staff in every band except Band 8c-8d and Band 9.

**Figure 3.12: Staff in AfC roles by gender, by staff group, in England, December 2022, headcount**



Source: NHS Digital

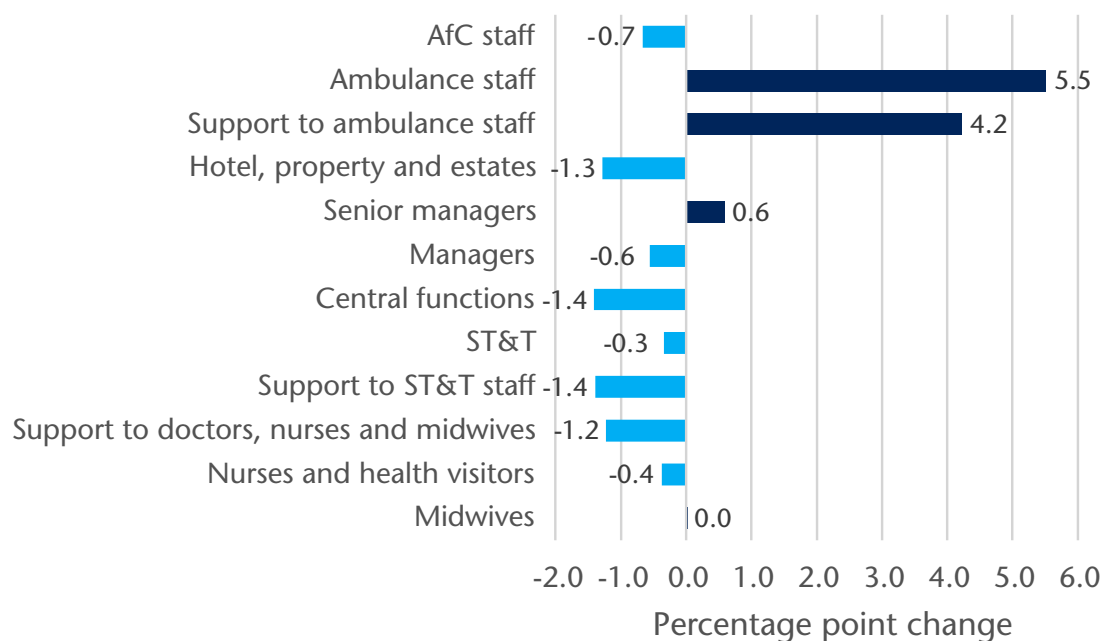
**Figure 3.13: Staff in AfC roles by gender, by band, in England, December 2022, headcount**



Source: NHS Digital

3.108 Figure 3.14 shows, in England, the change in the gender mix between September 2019 (pre COVID-19) and December 2022, by staff group. It shows that overall, the percentage of staff that were female fell by 0.7 percentage points (from 80.2% to 79.6%) between 2019 and 2022. In December 2022, female staff made up a greater share of ambulance staff (up 5.5 percentage points, from 41.0% to 46.5%), support to ambulance staff (up 4.2 percentage points, from 50.2% to 54.5%), midwives, and senior managers than in 2019. In 2022, male staff made up a greater share of all other staff groups than in 2019.

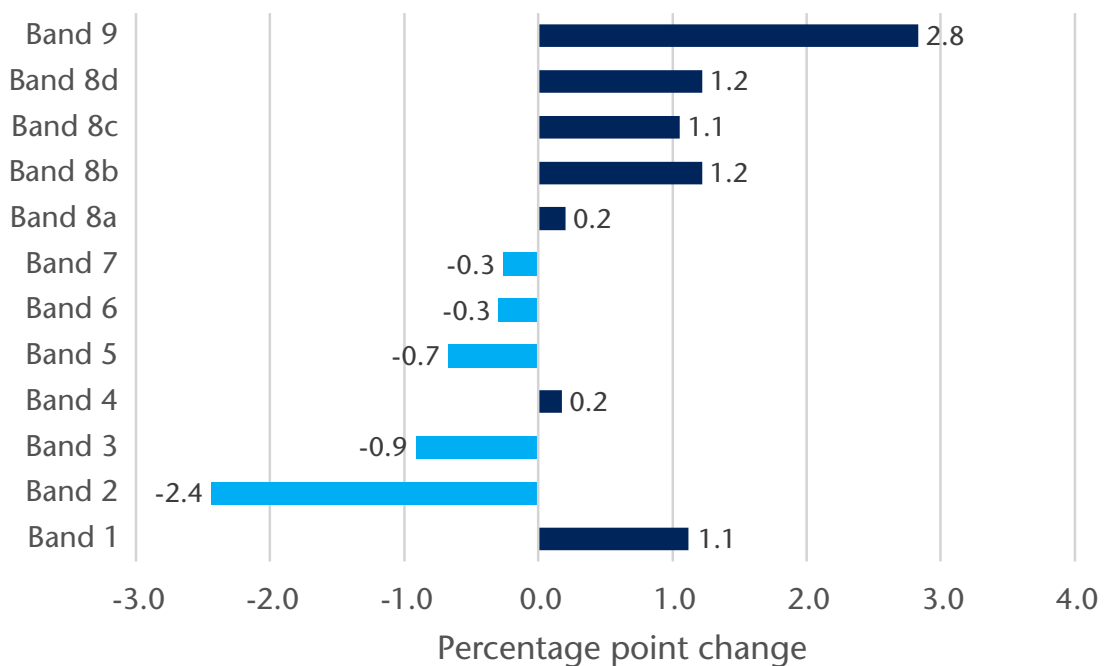
**Figure 3.14: Staff in AfC roles by gender, by staff group, in England, percentage point change between September 2019 and December 2022, headcount [positive means increased share of female staff]**



Source: NHS Digital

3.109 Figure 3.15 shows that in December 2022, female staff made up a greater share of staff at Bands 1, 4, and 8b and above, than in 2019. The largest changes were in the most senior bands: Band 9 (up 2.8 percentage points, from 55.3% to 58.1%); Band 8d (up 1.2 percentage points, from 60.4% to 61.6%), Band 8c (up 1.1 percentage points, from 65.5% to 66.6%); and Band 8b (up 1.2 percentage points, from 69.0% to 70.2%).

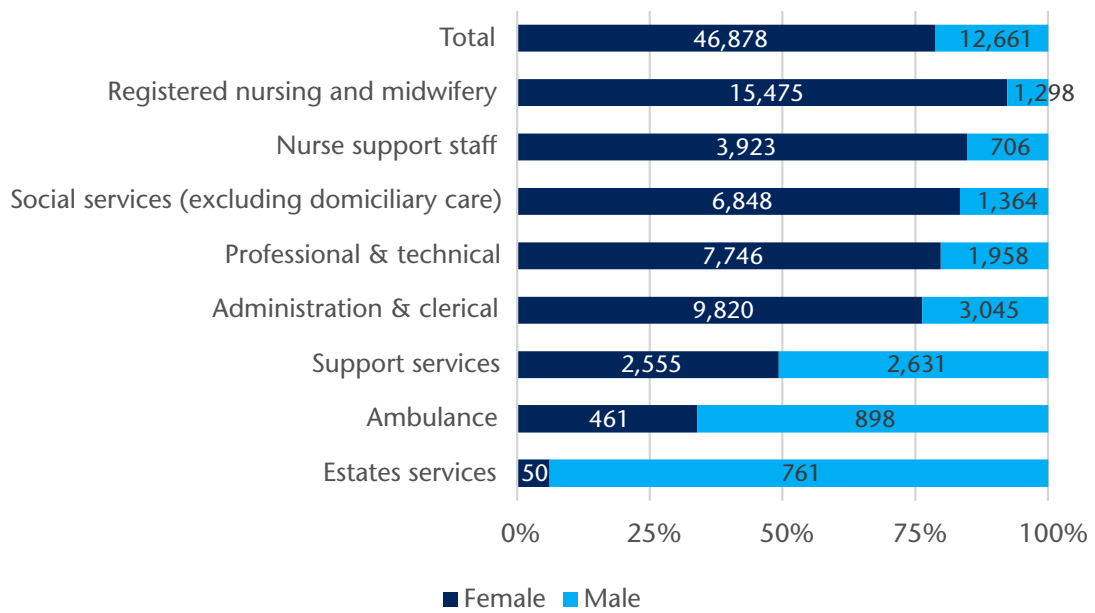
**Figure 3.15: Staff in Agenda for Change roles by gender, by band, in England, percentage point change between September 2019 and December 2022, headcount [positive means increased share of female staff]**



Source: NHS Digital

3.110 Figure 3.16 shows a breakdown of AfC staff by broad staff group by **gender in Northern Ireland** in March 2022. In all staff groups other than estates services (94%), ambulance staff (66%), and support services (51%), men make up less than 25% of the workforce.

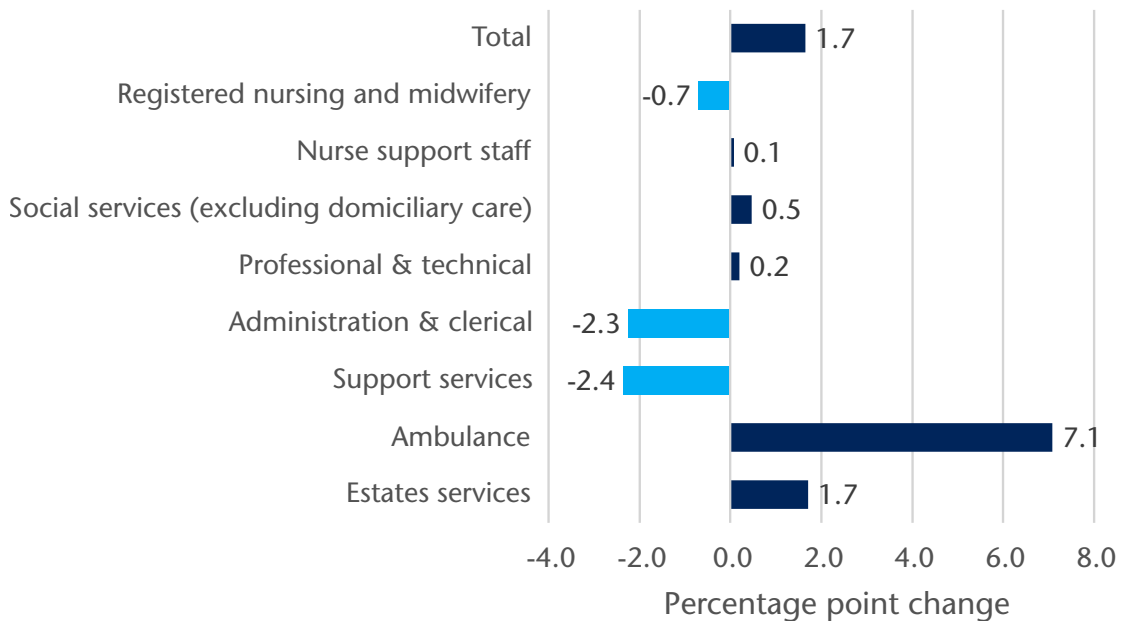
**Figure 3.16: Staff in Agenda for Change roles by gender in Northern Ireland, March 2022, FTE**



Source: Department of Health, Northern Ireland

- 3.111 Figure 3.17 shows that overall, the percentage of staff that were female increased by 1.7 percentage points (from 77.1% to 78.7%) between 2019 and 2022. In March 2022, female staff made up a greater share of ambulance staff (up 7.1 percentage points, from 26.8% to 33.9%), estates services (up 1.7 percentage points, from 4.4% to 6.1%), social services (excluding domiciliary care) and professional and technical staff than in 2019. In 2022, female staff made up a smaller share of support services (down 2.4 percentage points, from 51.6% to 49.3%), administration and clerical staff (down 2.3 percentage points from 78.6% to 76.3%), and registered nursing and midwifery staff than in 2019.

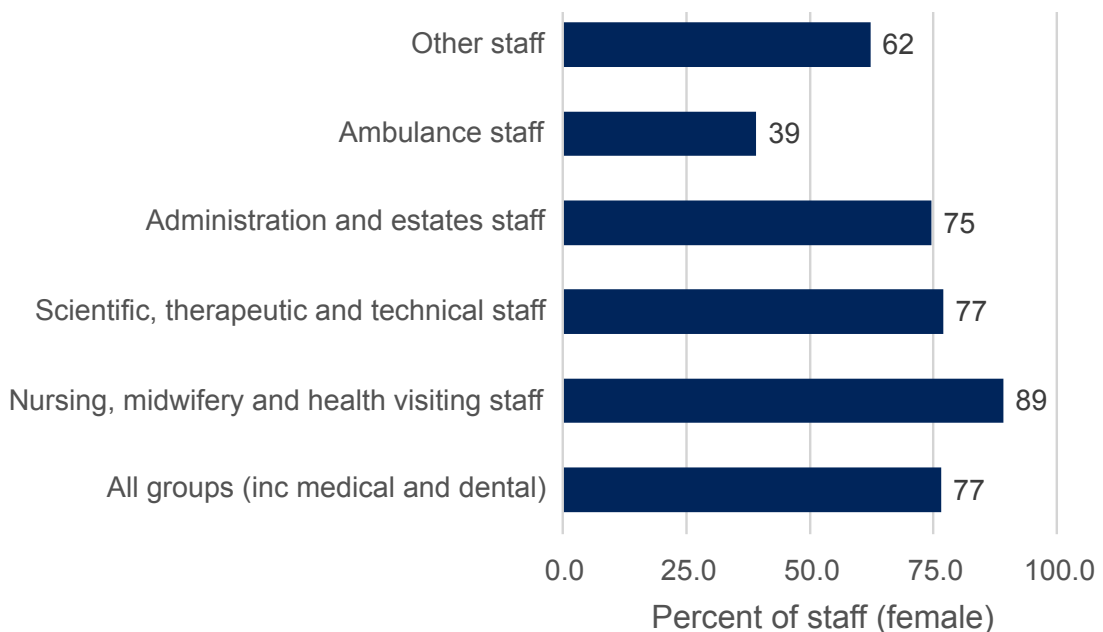
**Figure 3.17: Staff in AfC roles by gender, by staff group, in Northern Ireland, percentage point change between March 2019 and March 2022, headcount [positive means increased share of female staff]**



Source: Department of Health, Northern Ireland

3.112 Figure 3.18 shows a breakdown of AfC staff by broad staff group **by gender in Wales** in September 2022. Overall, including medical and dental staff, 77% of staff were female. In all AfC staff groups, other than ambulance staff (39%) and 'other' staff (62%), at least 75% of staff were female. This is the first time data of this type has been published, and we look forward in future rounds to monitoring changes in the gender composition of the NHS workforce in Wales.

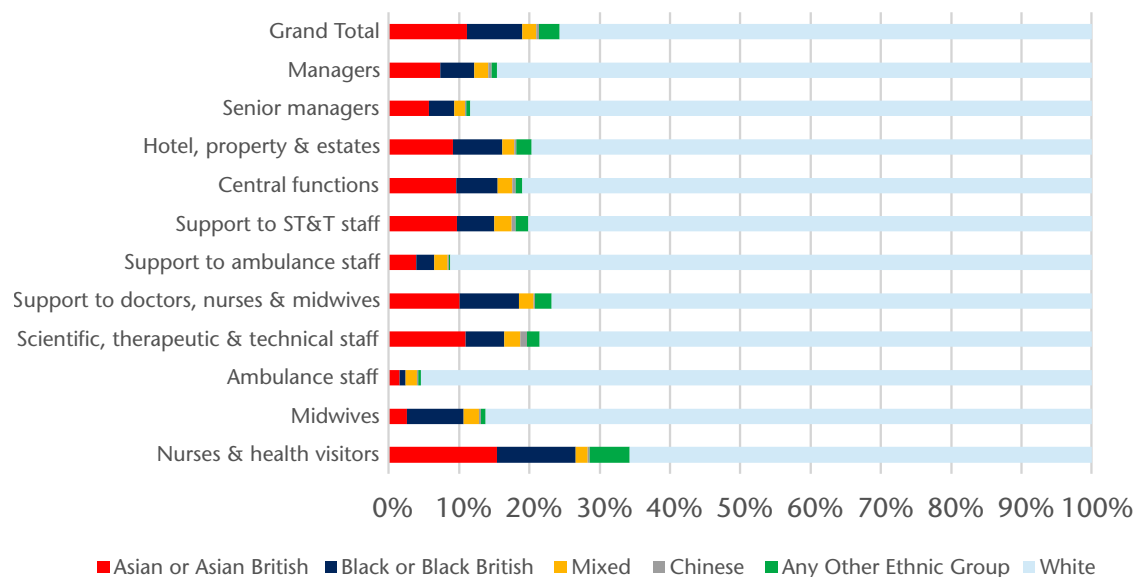
**Figure 3.18: Staff in AfC roles by gender in Wales, September 2022, FTE**



Source: Stats Wales

- 3.113 Figure 3.19 shows a breakdown of AfC staff by **ethnicity** and by **broad staff group in England**, in December 2022. Overall, excluding those staff whose ethnicity was unknown or not stated, 24% were from ethnic minorities: 11% of staff were Asian or Asian British; 8% Black or Black British; 2% mixed ethnicity; fewer than 1% Chinese and 3% from other ethnic minorities. This compares with data for September 2019 (the data for the period just before the onset of COVID-19), when 19% of staff were from ethnic minorities: 8% were Asian or Asian British; 6% were Black or Black British; 2% mixed ethnicity; fewer than 1% Chinese and 2% from other ethnic minorities.
- 3.114 The data for December 2022 suggest that by staff group, the least ethnically diverse were ambulance staff, with just 5% from ethnic minorities (but up from 3% in September 2019): 2% mixed ethnicity; 2% Asian or Asian British: and 1% Black or Black British. In contrast, 34% of nurses and health visitors were from ethnic minorities (up from 25% in September 2019): 15% were Asian or Asian British; 11% Black or Black British; 2% mixed ethnicity; 6% from other ethnic minorities; and 66% were White. This compares with the working age population of England and Wales, which in 2021<sup>26</sup> was 10.1% Asian, 4.4% Black, 2.5% mixed ethnicity and 2.3% from the Other ethnic group.

**Figure 3.19: Staff in AfC roles by ethnic group, by staff group, in England, December 2022, headcount**



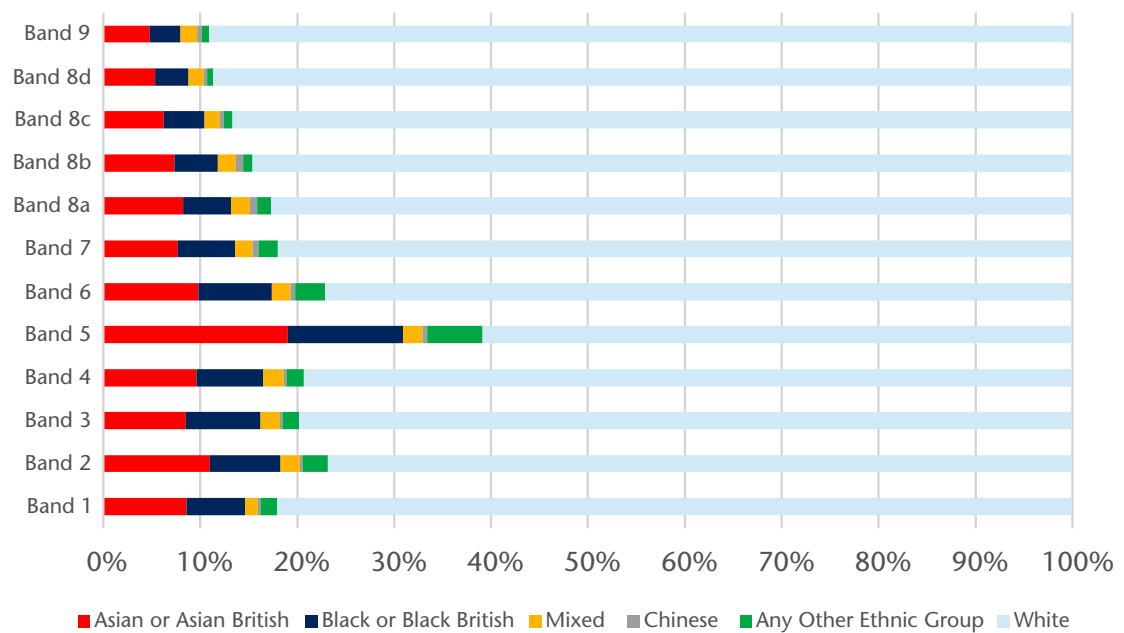
Source: NHS Digital

- 3.115 Figure 3.20 shows a breakdown of AfC staff by ethnicity and by band in England, in December 2022. It is notable that the percentage of staff from ethnic minorities declines in the higher bands, and that in Bands 8d and 9 just 11% of staff were from ethnic minorities. Thirty-nine per cent of staff in Band 5 were from an ethnic minority group, with 19% Asian or Asian British staff, 12% Black or Black British staff, 2% of mixed ethnicity, 6% from other ethnic minorities and 61% White staff. The only other pay bands to have more than 20% of staff from ethnic minorities were Bands 2, 3, 4, and 6.

<sup>26</sup> <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/demographics/working-age-population/latest>

3.116 In December 2022, excluding Band 1 which is closed to new entrants, the percentage of staff from ethnic minorities was higher in each Band than in September 2019. However, the slowest growth was in the higher bands, where the percentage of staff from ethnic minorities in Bands 7 and above increased by just 2-3 percentage points. Between Bands 2 to 4, and in Band 6, the percentage of staff from ethnic minorities increased by 4-5 percentage points over the period. However, by far the largest change came in Band 5, where the percentage of staff from ethnic minorities increased by 12 percentage points, from 27% to 39%.

**Figure 3.20: Staff in AfC roles by ethnic group, by band, in England, December 2022, headcount**

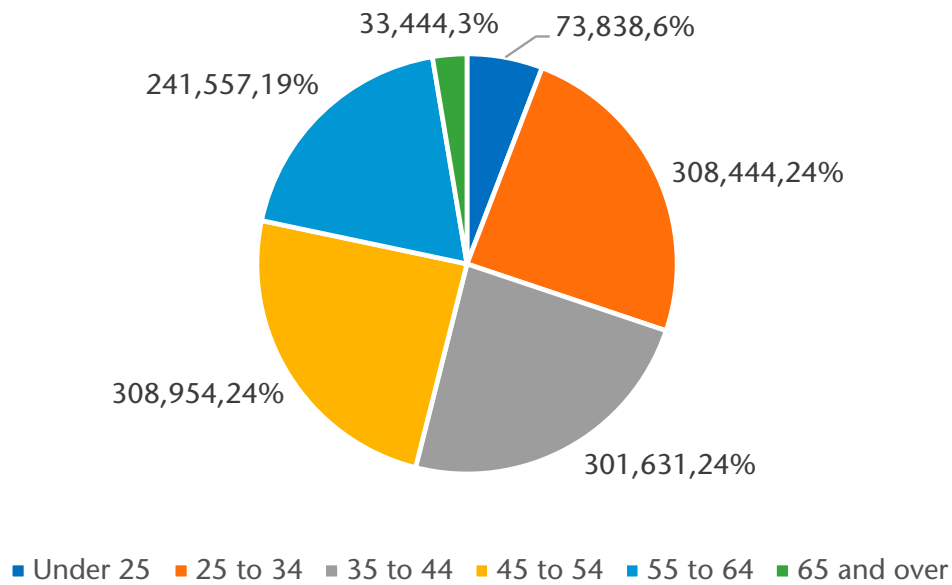


Source: NHS Digital

3.117 The NHS in **Wales** has recently started to publish data showing the breakdown of AfC staff **by ethnic group**. Data for September 2022 shows that for staff where data was available, 92% of staff were White, 5% were Asian or Asian British, 1% were Black or Black British, 1% were from mixed or multiple ethnic groups and 1% from other ethnic groups.

3.118 Figure 3.21, show a breakdown of AfC staff in **England, by age group** in December 2022. Broadly speaking, a quarter of the workforce was aged 25 to 34, a quarter was aged 35 to 44, a further quarter were aged 45 to 54, with the remaining quarter aged either under 25 or over 54.

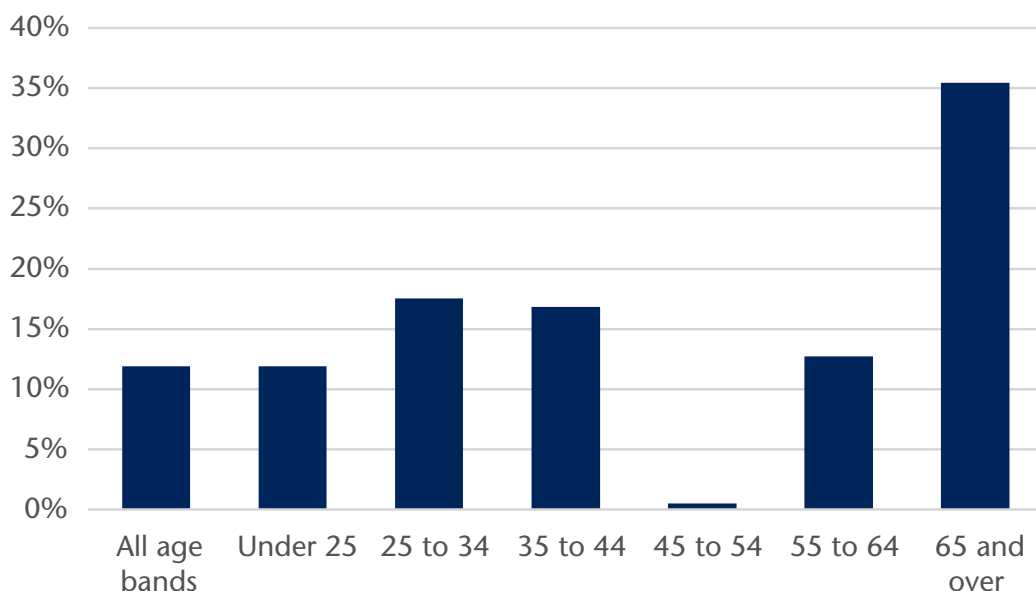
**Figure 3.21: Staff in AfC roles by age in England, December 2022, headcount**



Source: NHS Digital

- 3.119 Figure 3.22 shows that the number of AfC staff increased by 12% between September 2019 and December 2022. Broken down by age group, the number of staff: aged 65 and over increased by 35%; aged 25 to 34 increased by 18%; aged 35 to 44 increased by 17%; aged 55 to 64 increased by 13%; aged under 25 increased by 12%; and the number of staff aged 45 to 54 increased by just 0.5%.

**Figure 3.22: Percentage change in number of staff in AfC roles by age in England, September 2019 to December 2022, headcount**



Source: NHS Digital



3.120 Table 3.6, show a breakdown of AfC staff in **England, by disability status**. In December 2022, 5.4% of AfC staff said that they were disabled, 78.7% said they were not disabled, while the disability status of 16.0% was unknown. Since September 2019 the percentage of staff saying they were disabled increased from 3.7%, while the percentage of staff whose disability status was unknown fell from 23.4%. By staff group, the percentage of staff saying they were disabled ranged between 4.2% for hotel, property and estates staff to 7.0% for support to ST&T staff.

**Table 3.6: Percentage change in number of staff in Agenda for Change roles by disability status in England, September 2019 and December 2022, headcount**

	Disabled	Not disabled	Not disclosed
<b>September 2019</b>	3.7%	73.0%	23.4%
<b>December 2022</b>	5.4%	78.7%	16.0%

Source: NHS Digital

### Our assessment of the diversity of the workforce

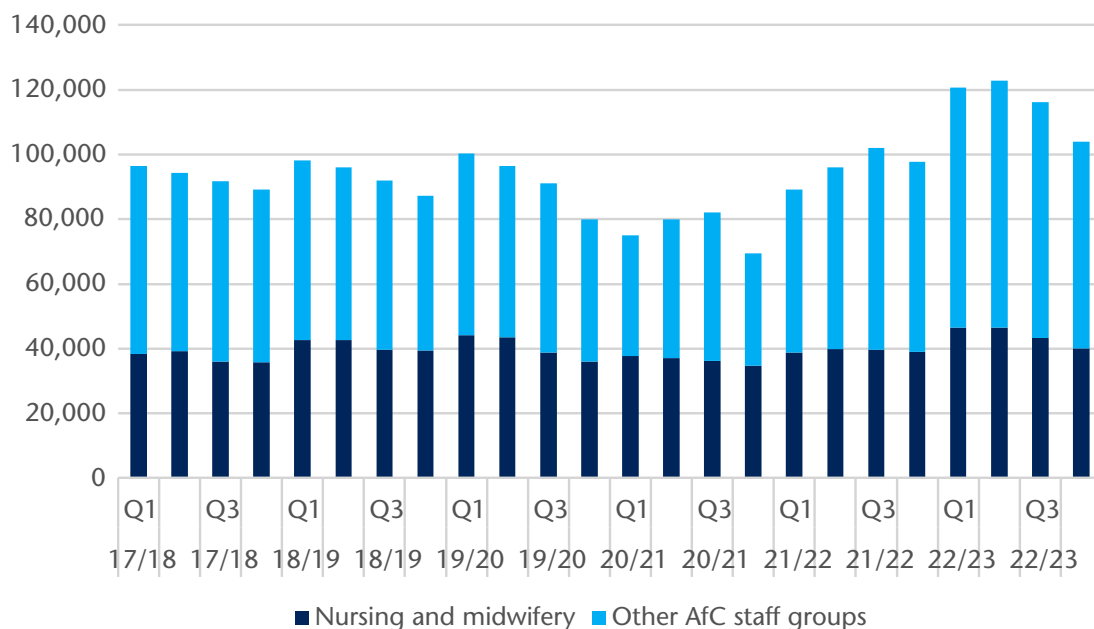
- 3.121 The NHS needs to attract and retain the broadest range of talent to deliver a health service providing the best care to the public. It is essential that all those who work within the NHS are given the opportunity and support to thrive and that the service uses and develops the skills and experience of all those working in AfC roles, whatever their background or characteristics.
- 3.122 A large majority of NHS staff are female, but the data for England show that female staff make up a larger proportion of staff in the lower bands than in the higher bands. We said last year that this is likely to be the result of multiple factors, some of which may be associated with recruitment, retention and promotion practices within the NHS. Nevertheless, it is encouraging to see that over the last three years there has been an increase in the proportion of female staff in bands 8 and 9.
- 3.123 Just over 24% of the workforce comes from an ethnic minority group which is a greater proportion of the working age population as a whole. The proportion of staff from an ethnic minority was largest amongst nurses and health visitors and amongst staff in Band 5, the entry band for nurses and health visitors. Since September 2019, the percentage of staff from an ethnic minority group has increased from 19%. There has been an increase in the percentage of staff from ethnic minorities across all bands and staff groups. However, the largest increases have been in the number of nurses and health visitors and the numbers at Band 5, with the recent rapid growth in the number of nurses recruited from overseas being reason for this. Although the percentage of staff from ethnic minority groups in more senior positions has increased since 2019, the rate of increase is slower than in less senior roles.
- 3.124 Data for England showed that between 2019 and 2022 there had been an increase in the number of staff at all ages of at least 10%, except those aged between 45 and 54, where numbers grew by just 0.5%. This is consistent with more staff in this age group choosing to leave the service over the past three years.

3.125 In December 2022, just 5.7% of NHS staff in England said that they were disabled, much smaller than the one in five of the working age population who reported themselves as disabled in the Labour Force and Annual Population Surveys<sup>27</sup>. It is unclear whether this is because the NHS employs relatively small numbers of disabled staff or if staff who would be classified as disabled do not see themselves as such. Nevertheless, it is encouraging that there has been increase in staff disclosing their disability status.

## Vacancies

3.126 NHSE publishes quarterly estimates of vacancies across the NHS in **England**. The latest data, for the fourth quarter of 2022/23, to March 2023, showed that overall, there were 103,949 AfC vacancies in the NHS, of which 40,096 were nursing and midwifery vacancies, and 63,853 were for other AfC roles (Figure 3.23).

**Figure 3.23: NHS Provider vacancies, England, 2017/18 quarter 1 to 2022/23 quarter 4**

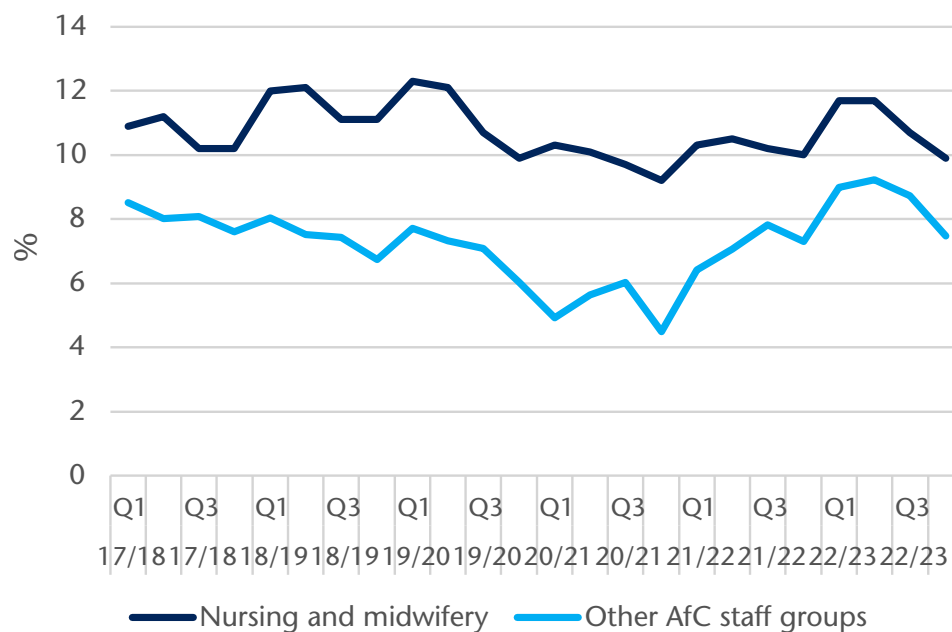


Source: OME calculations based on NHSE data

3.127 Figure 3.24 shows vacancy rates had been on an upward trend between the final quarter of 2020/21 and the second quarter of 2022/23. Rates have fallen back in each of the last two quarters but are still higher than the same time last year. In the fourth quarter of 2022/23 the nursing and midwifery vacancy rate was 9.9%, down from 10.0% in the same quarter a year earlier, and up from 9.2% in the final quarter of 2020/21. The vacancy rate for non-nursing and midwifery AfC staff groups was 7.5%, up from 7.3% in the same quarter a year earlier, and up from 4.5% in the final quarter of 2020/21.

<sup>27</sup> <https://www.gov.uk/government/statistics/the-employment-of-disabled-people-2022/employment-of-disabled-people-2022#:~:text=The%20number%20of%20disabled%20people,at%20a%20much%20lower%20rate.>

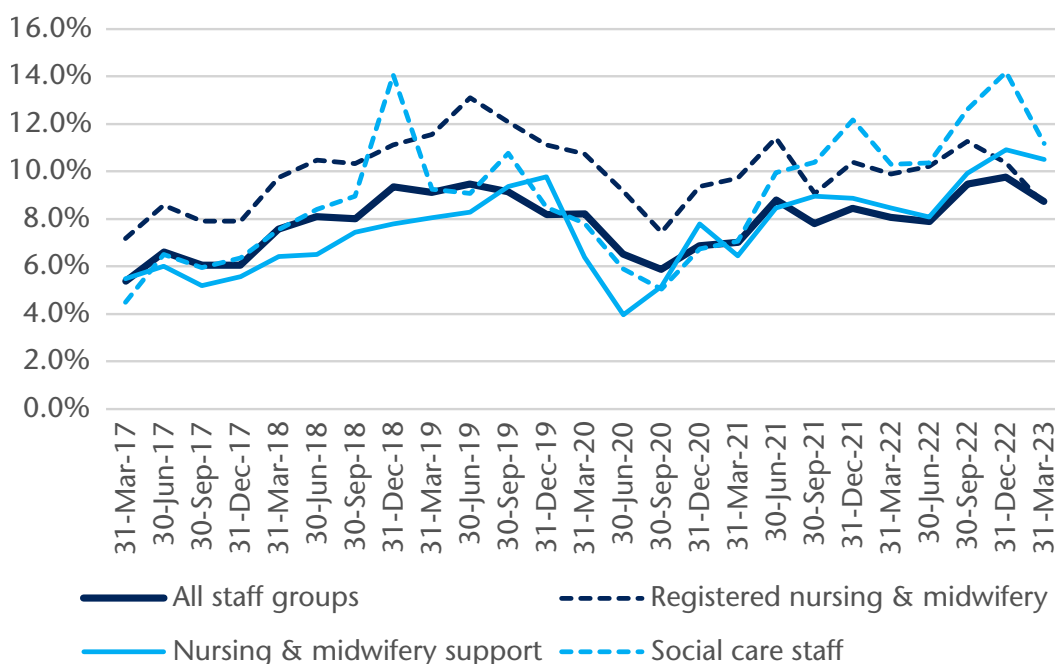
**Figure 3.24: NHS Provider vacancy rates, nursing and midwifery and other AfC staff groups, England, 2017/18 quarter 1 to 2022/23 quarter 4**



Source: OME calculations based on NHSE data

3.128 For Northern Ireland the most recent data shows that at the end of March 2023 there was an overall vacancy rate of 8.7%, an increase from 8.1% a year earlier (Figure 3.25). Over the same period, registered nursing and midwifery vacancies fell from 9.9% to 8.6%, nursing and midwifery support staff vacancies increased from 8.4% to 10.5%, and social care staff vacancies increased from 10.3% to 11.2%.

**Figure 3.25: HSC, Northern Ireland, vacancy rate, March 2017 to March 2023**



Source: Department of Health, Northern Ireland

- 3.129 The NHS in Wales had 2,903 advertised vacancies for non-medical and dental staff in June 2022.

### Our assessment of vacancies

- 3.130 In the year before the pandemic, vacancy rates in England, for both nursing and midwifery and other AfC roles, were on a downward trend that continued throughout 2020/21. Since the end of 2020/21, the vacancy rate had been on an upward trend. The data for the third and fourth quarters of 2022/23 shows a fall in the vacancy rate, with rates at the end of 2022/23 at similar levels to a year earlier.
- 3.131 In our 34th and 35th reports, we commented on the vacancy rates in 2021 and 2022 which were substantially in excess of the 5% vacancy rate for nurses set out in the NHS long term plan for England. Vacancy rates are similar to those that informed our 35th report, and, at 9.9% for nursing and midwifery staff and 7.5% for other AfC staff groups, remain of significant concern.
- 3.132 Although some level of vacancies is inevitable as staff move into and out of roles in the NHS and HSC, vacancy rates at persistently high levels have the potential to impact on service delivery and patient experience, as well as adding to the pressures on staff in place. The pressure of high levels of vacancies on staff is reflected in the Staff Survey results. Just 22% of nursing staff agreed there were enough staff in their organisation for them to do their job properly; this drops to 18% amongst paramedics and 7% amongst midwives.
- 3.133 Having sufficient staff in the service remains a key concern for employers. NHS Trust Chief Executives told us that having continuously to manage and mitigate staff shortages prevented Trusts from delivering longer term transformational projects key to driving productivity.
- 3.134 Although, NHSE and the UK Government are on track to meet their target to have 50,000 more nurses in the NHS in England by March 2024 (compared to September 2019), we heard in oral evidence that meeting this target would be insufficient to meet patient demand.
- 3.135 Public trust and satisfaction with the NHS are of vital importance; however, the public perceive there are staff shortages across the NHS. In the 2022 British Attitudes Survey, overall satisfaction with the NHS fell to 29%, a seven percentage point decrease from 2021. One of the top three reasons people gave for being dissatisfied was staff shortages. On being asked what are the most important priorities for the NHS, the top cited priority was increasing the number of staff.

### Retention

- 3.136 Turnover data published by NHS Digital, for **England**, showed that the outflow rate for AfC staff as a whole reached 12.3% in the year to June 2022, the highest rate recorded since at least 2010. In the second half of 2022 outflow rates eased very slightly, to 11.9% in the year to December 2022, but remained at historically high levels.

3.137 Table 3.7 shows leaving rates, by staff group, for the year to December 2021, the latest data available when we made our recommendations for 2022. At that time, for many staff groups leaving rates were at their highest since 2018, and for midwives and ambulance staff leaving rates were at their highest since at least 2010. The column on the right-hand side of the table shows leaving rates by staff groups for the year to December 2022, the latest data available. For almost all staff groups the latest recorded leaving rates are higher than when we made our recommendation for 2022 – the exception being midwives, although at more than 12%, the leaving rate for this group remains at historically high levels.

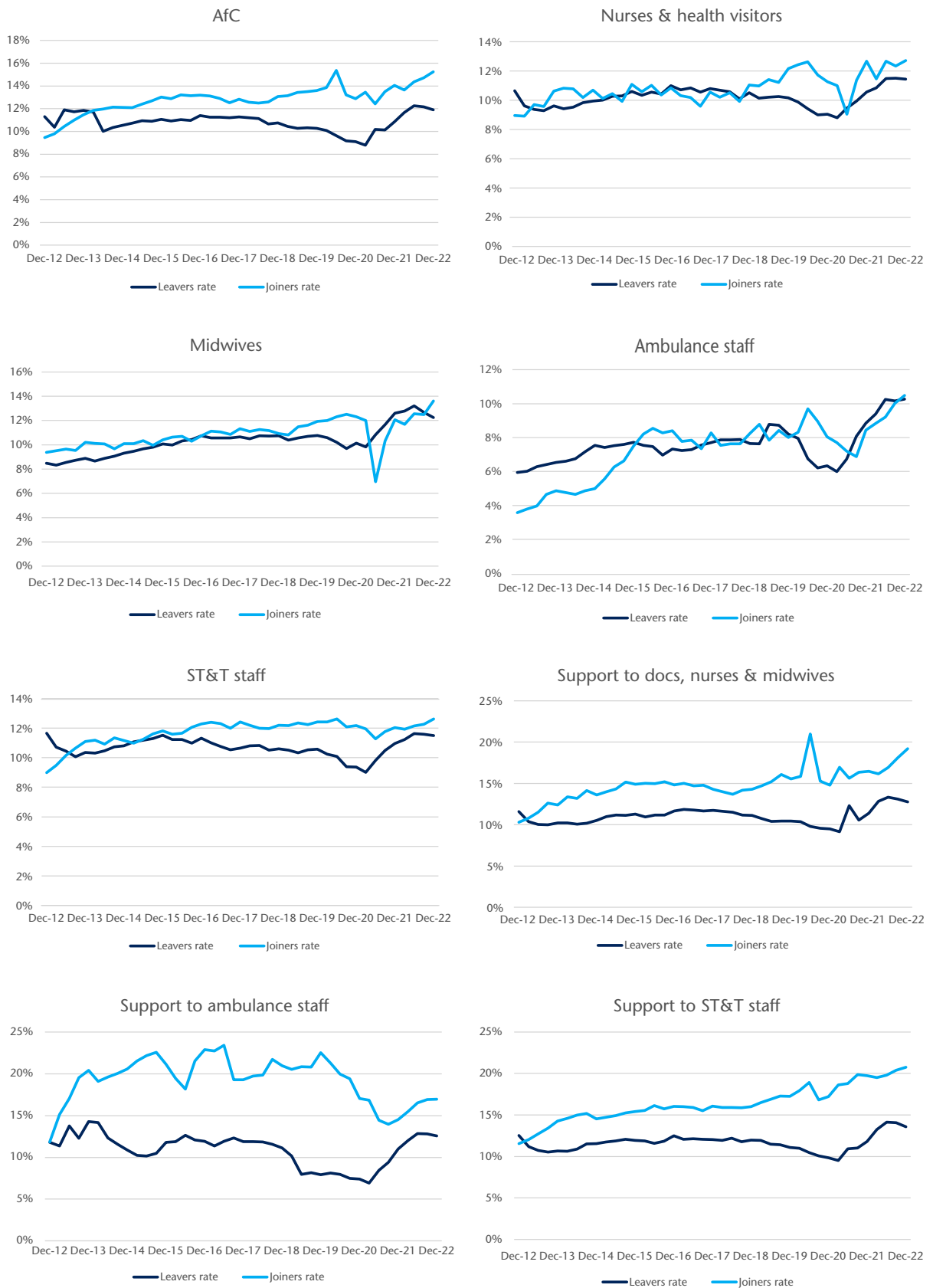
**Table 3.7: Leaving rates from the NHS by staff group, headcount, year to December 2021, and year to December 2022, England**

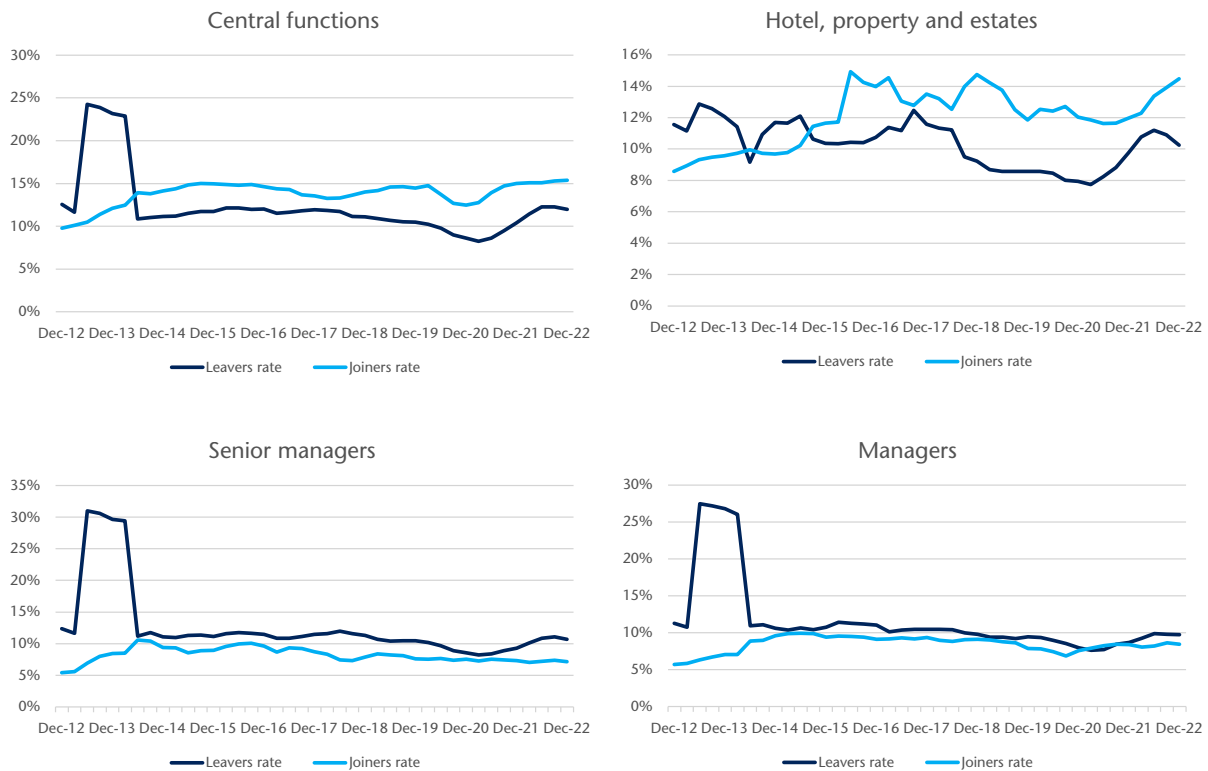
	To December 2021 (data available for 2022 report)	To December 2022 (latest data)
	Leaving rate	Leaving rate
AfC Staff (exc bank and locums)	10.8%	11.9%
Nurses & health visitors	10.6%	11.4%
Midwives	12.6%	12.3%
Ambulance staff	8.8%	10.3%
Scientific, therapeutic & technical (ST&T) staff	11.0%	11.5%
Support to doctors, nurses, midwives	11.4%	12.8%
Support to ambulance staff	11.0%	12.6%
Support to ST&T staff	11.8%	13.6%
Central functions	10.4%	12.0%
Hotel, property and estates	9.7%	10.2%
Senior managers	9.3%	10.7%
Managers	8.7%	9.8%

Source: NHS Digital

3.138 Figure 3.26 shows the leaving and joining rates for staff groups in England, between 2012 and 2022.

**Figure 3.26: Leaving rates and joining rates from the NHS by staff group, headcount, year 2012 to 2022, England**





Source: NHS Digital

- 3.139 NHS Digital publish data for England, showing reasons why staff left the NHS in England. For those leaving between April 2021 and March 2022 the most common reasons given for leaving were voluntary resignation and retirement. In 2021/22, 46% of leavers were voluntary resignations, an increase from 40% in 2020/21, and 14% were retirements, down from 17% in 2020/21. For a further 32% of staff leaving the NHS in 2021/22 the reasons for leaving were unknown, down from 34% in the previous year. Where information on reasons for leaving is available, NHSE told us pay and reward is now the second most common reason for leaving, following relocation.
- 3.140 NHSE told us that in 2022 it established a Retention Programme to support trusts and ICSs to increase workforce capacity by improving retention and the staff experience. It said that the programme explores factors that affect job satisfaction, and the reasons people decide to stay in or leave the NHS, with the strong drivers for leaving being: work-related stress; line manager support; staff shortages; pay; mental health impacts; and time pressure.
- 3.141 Table 3.8 shows leaving rates in Northern Ireland by staff group, between 2016/17 and 2021/22. For AfC staff overall it shows a leaving rate of 7.2% in 2021/22, the highest rate since at least 2016/17 and the highest by a considerable margin. For all staff groups, except estates services staff, turnover was higher in 2021/22 than at any point since at least 2016/17.

**Table 3.8: Leaving rates of HSC staff, by staff group, headcount, 2016/17 to 2021/22, Northern Ireland**

	2017	2018	2019	2020	2021	2022
AfC Staff	5.4%	5.9%	5.8%	5.4%	4.8%	7.2%
Administration & clerical	5.4%	5.6%	4.9%	5.0%	4.2%	6.9%
Estates services	9.3%	6.4%	6.1%	6.7%	6.3%	6.1%
Support services	5.6%	6.1%	5.9%	5.2%	4.5%	9.0%
Nursing & midwifery	5.9%	6.9%	6.6%	6.2%	5.8%	7.7%
Social services (excl. dom.care)	5.1%	5.4%	5.8%	5.5%	4.5%	7.5%
Professional & technical	4.3%	4.6%	5.2%	4.0%	3.9%	5.6%
Ambulance	4.2%	2.8%	2.7%	4.3%	3.3%	4.5%

Source: OME calculations based on Department of Health, Northern Ireland data

### Our assessment of retention

- 3.142 In our 35th report, we were clear that the poor staff engagement evidenced by the 2021 Staff Survey could be taken as a precursor for retention difficulties. We are deeply concerned to see an increase in leaver rates with the outflow rate for AfC staff reaching 12.3% in the year to June 2022 in England. This is the highest rate recorded since at least 2010.
- 3.143 In the latest data to December 2022, all staff groups, except managers, have leaver rates above 10%. This means the NHS is losing significant skills and expertise from the workforce at historically high rates.
- 3.144 As the NHS deals with exceptional and unprecedented demand and long waiting lists following the COVID-19 pandemic, the NHS cannot afford to continue to lose staff and their skills at the current rate. It is critical that the leaver rate across all staff groups decreases, so that the NHS is better able to retain the valuable skills and experience that it needs.
- 3.145 Limited data from NHSE shows pay and reward now appear in the top five reasons for leaving for some staff. However, for many leavers we have no insight as to why they leave. The decision to change employment (or retire) is likely to be a function of many factors, of which the reward package and work life balance may be contributory factors even if they are not the leading cause. Over the last few years, we have repeatedly asked for leaver data which effectively records reasons for leaving at a system level. That this remains unsolved is of significant concern.
- 3.146 Given that there are over 1.1 million AfC FTE staff, reducing the outflow rate by just 1 percentage point is equivalent to having 11,000 more FTE staff available to work in the NHS.

### Data on pre-registration entrants

- 3.147 With a high level of vacancies and an increased retention rate, it is crucial that the NHS is able to attract and train the workforce it needs in the medium and long-term to meet demand.



- 3.148 Table 3.9 shows the number of unique applicants and acceptances to study for nursing and midwifery degrees, and other health related subjects, between 2012 and 2022. The numbers of applicants to nursing and midwifery courses increased in 2019, 2020 and 2021, but fell in 2022 by 12%. The number of applicants to study for other health-related degrees increased each year since 2018, including a 2% increase in 2022. The number of acceptances to courses in both 2020 and 2021 were inflated because of the increase in A-Level grades that resulted from centre assessed grading. However, in 2022, compared with 2021, the number of acceptances to nursing and midwifery courses fell by 10% and the number of acceptances to study other health related courses fell by 2%.
- 3.149 HEE told us in oral evidence that 70% of nursing graduates join the NHS, but this has fallen by 10 percentage points. There are 4,200 registered nurses – who completed their courses at UK Universities in 2022 – who are on the Nursing and Midwifery Council (NMC) register but not working in the NHS.
- 3.150 More recent data from UCAS shows the numbers applying to study courses in 2023 by January 2023. It shows that, compared with the same point in the application process a year earlier, the number of applicants for nursing courses had fallen by 19%, the number of applicants to midwifery courses had fallen by 22%, while the number of applicants across all subjects had fallen by 2%.

**Table 3.9: Number of applicants and acceptances for nursing and midwifery and other health related degrees, UK, 2012 to 2022**

	Nursing and midwifery		Other health related subjects	
	Applicants	Acceptances	Applicants	Acceptances
2012	61,770	23,835	63,710	22,780
2013	63,675	24,700	66,105	24,775
2014	67,415	26,965	70,155	25,440
2015	66,190	27,535	69,730	26,005
2016	66,730	28,890	71,825	26,560
2017	54,985	28,620	66,885	27,135
2018	50,805	28,540	67,515	27,720
2019	54,225	30,390	74,680	29,575
2020	62,920	37,630	79,725	32,445
2021	73,085	37,805	92,685	33,920
2022	64,305	34,060	94,710	33,400

Source: UCAS

### Our assessment of the data on pre-registration entrants

- 3.151 Following the withdrawal of the student bursary in England in 2016, the number of applicants to study nursing and midwifery courses fell in 2017 and 2018. After the re-introduction of financial support for students in England in 2020, the number of applicants to study increased.

- 3.152 In last year's report, we welcomed the sustained increase in student numbers, which would in the medium-term increase the number of substantive staff in the NHS. Therefore, it is disappointing to see this year that there has been a significant drop in applicants in particular for both nursing and midwifery. On our visits we met with students who expressed significant concerns about the workload and pressure they had experienced in placement in NHS settings and so we are also concerned that there is a risk that reduced rates of progression from pre- registration to NHS employment will persist.
- 3.153 At a time where Northern Ireland have some of the longest waiting lists in the UK and widespread staff shortages, we are concerned to see a cut in the number of nurse training places in Northern Ireland, from 1,325 to 1,025.

### Recruitment of apprentices

- 3.154 Following changes to the apprenticeship system in 2017, the number of all apprenticeship starts fell from 494,000 in 2016/17 to a low of 321,440 in 2020/21. In 2021/22, the number of apprenticeship starts increased to 349,190<sup>28</sup>, up 9% from 2020/21.
- 3.155 The number of Health, Public Services and Care apprenticeship starts broadly exhibited the same pattern as that of all apprenticeship starts, with starts falling dramatically after the introduction of the apprenticeship levy. However, the number of starts increased from 82,190 in 2019/20, to 97,470 in 2020/21 and to 99,790 in 2021/22.
- 3.156 Public sector bodies in England with 250 or more staff had a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period 1 April 2017 to 31 March 2021. The target was repeated for the period April 2021 to March 2022, as a single-year stand-alone target. In 2021/22, 1.7% of NHS employees started an apprenticeship, compared with 1.8% across the public sector as a whole. The Armed Forces (7.1%) and the Police (2.4%) were the only parts of the public sector to meet the target of 2.3%<sup>29</sup>.
- 3.157 HEE said that since the inception of the apprenticeship levy there have been over 100,000 apprenticeship starts, 70,000 in clinical disciplines and 30,000 in non-clinical disciplines. The most popular areas were: health care and senior health care support workers; nursing associates; registered nurse degree apprenticeship; business administrator; and senior leader. HEE views apprenticeships as supporting the ambition of developing a home-grown workforce supply and widening access for underrepresented groups and helping to reduce health inequalities.
- 3.158 HEE said that evidence from the early implementers of apprenticeships indicates low attrition rates on-programme (as low as 4%) and near 100% post-graduate retention.

<sup>28</sup> <https://app.powerbi.com/view?r=eyJrIjoiNzYwNTcxNDItNjgyNS00ODMyLTgwNGUtMjFjODkyMjE4OWMyliwidCI6ImZhZDI3N2M5LWw2MGUENGRhMS1iNWYzLWVlZyJhImZRhODJmOSlMmMiOjh9>

<sup>29</sup> <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2021-22>

3.159 We have said in previous reports that the NHS is well placed to create attractive apprenticeships, which offer secure employment coupled with excellent training and progression opportunities. This approach gives people a different route to enter the NHS and helps secure the labour force of the future. We would welcome evidence in future about the obstacles trusts and other NHS Employers face in expanding apprenticeship numbers.

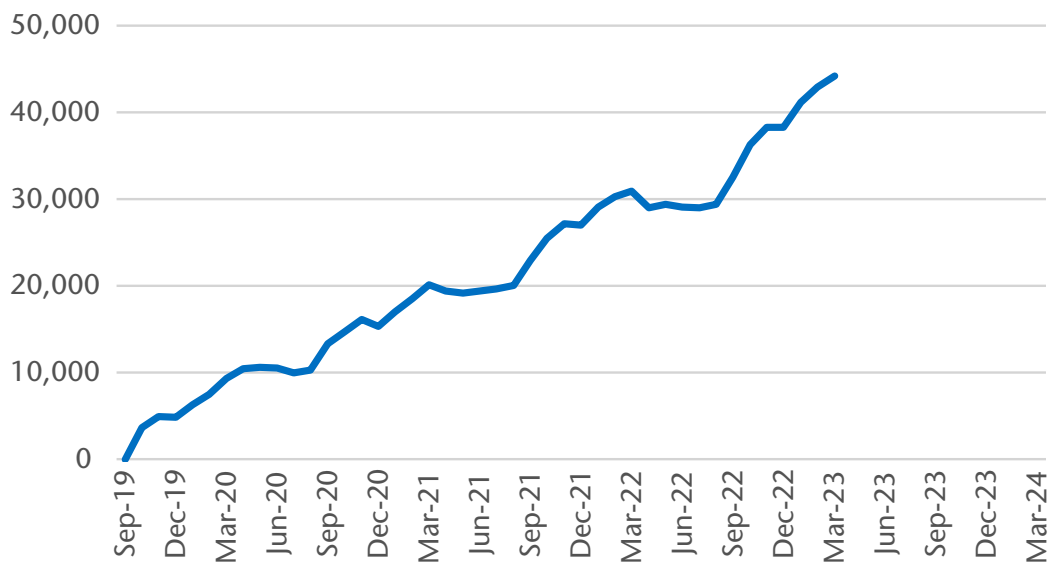
### **Nursing, health visitor and midwifery workforce in England**

3.160 In January 2022, nurses, health visitors and midwives made up 31% of the Hospital and Community Health Services (HCHS) AfC workforce in England and accounted for 39% of AfC vacancies in the three months to March 2023. The UK Government has set a target for 50,000 more nurses in England by the end of this Parliament than in September 2019. This target does not include health visitors or midwives, but does include nurses working in GP settings. The latest data to March 2023, compared with September 2019, presented in Figure 3.18, shows an increase of 44,000 FTE nurses working in NHS HCHS and GP settings over the period.

3.161 Figure 3.28 shows the FTE number of nurses, health visitors and midwives, in England, working in HCHS), between March 2013 and March 2023. The data for the three months to March 2023, compared with the same period one year earlier, show an increase in the number of nurses and health visitors of 3.7%. Within that overall total, there were increases in the number of adult nurses (4.6%), children's nurses (3.0%), mental health nurses (2.7%), and community health nurses (2.6%), but falls in the number of health visitors (-7.4%) and learning difficulties/disabilities nurses (-1.7%). Over the same period the number of midwives increased by 1.0%.

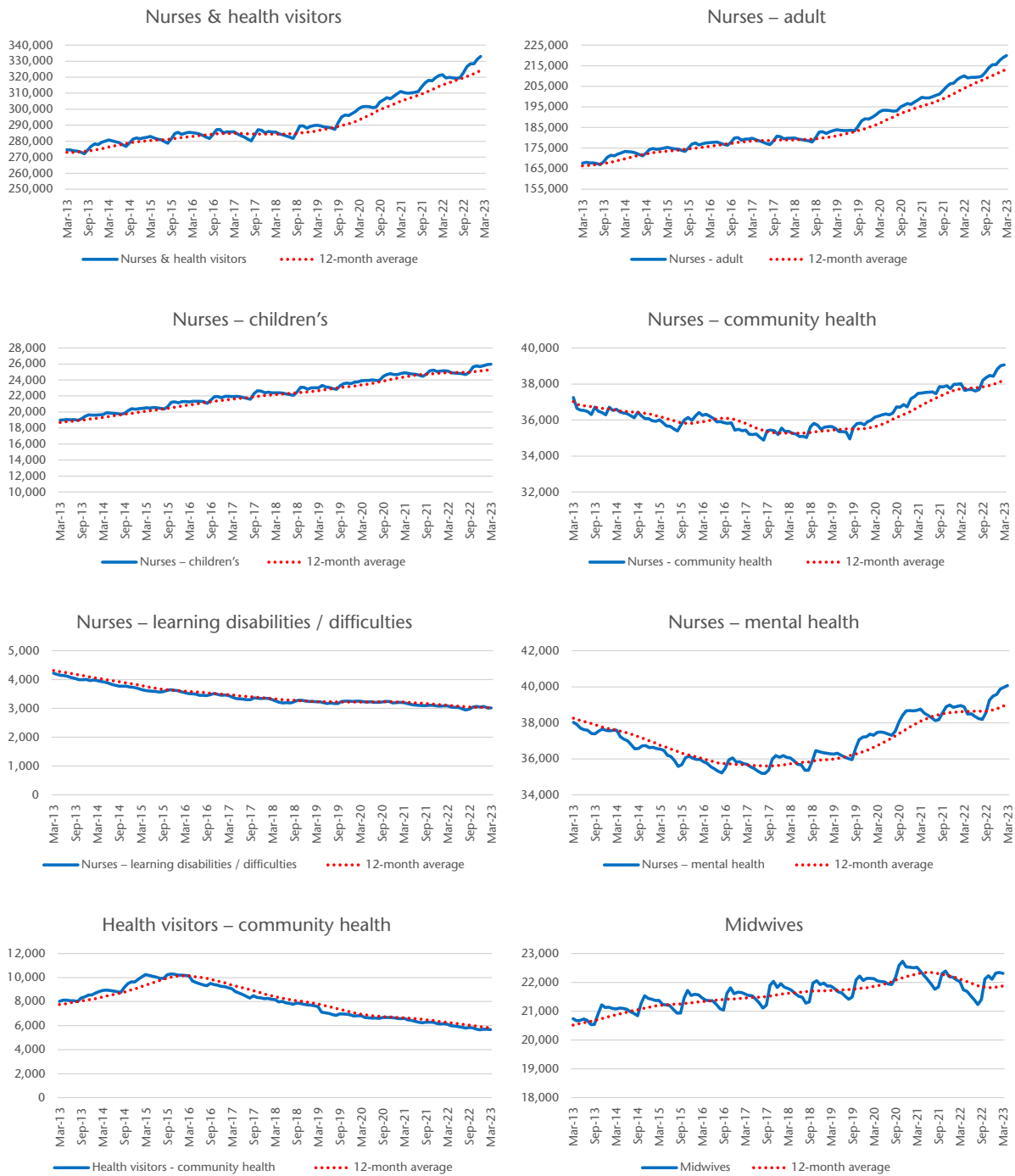
3.162 The data for the three months to February 2023, compared with the same period in 2020 (pre-COVID-19), show an increase in the number of nurses and health visitors of 11%. Within that overall total, there were increases in the number of adult nurses (14%), children's nurses (9%), community health nurses (8%) and mental health nurses (7%) but falls in the number of health visitors (-17%) and learning difficulties/disabilities nurses (-7%). Over the same period the number of midwives increased by 1%.

**Figure 3.27: Change in the number of nurses in HCHS and general practice settings, England, September 2019 to March 2023**



Source: NHS Digital

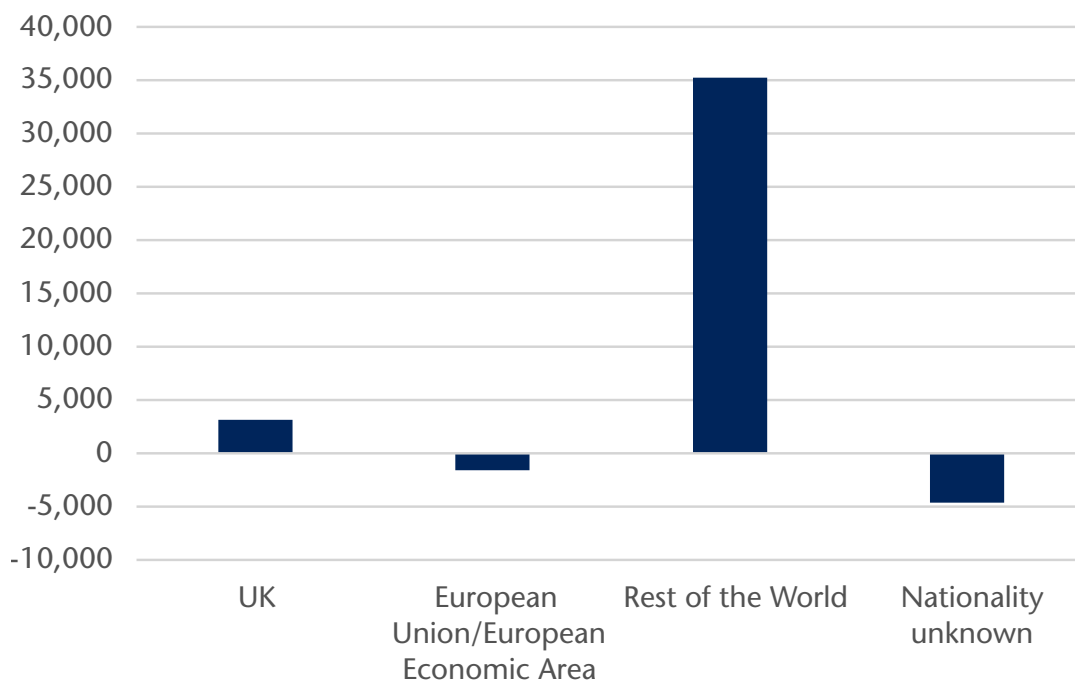
**Figure 3.28: Number of nurses, health visitor staff and midwives, FTE, by nursing category, England March 2013 to March 2023**



Source: NHS Digital

3.163 The Government said that the 50,000 target would be met by a combination of domestic recruitment, international recruitment and reducing the leaver rate<sup>30</sup>. Figure 3.29 shows that between December 2019 and December 2022, the number of nurses and health visitors in HCHS settings, in England, increased by 32,000. Over that period the number of nurses and health visitors with a nationality from the rest of the world increased by 35,000, the number of nurses and health visitors with UK nationality increased by 3,000, those with an EU/EEA nationality fell by 2,000, and there was a fall in the number of nurses and health visitors with an unknown nationality. Although this data includes health visitors and does not include nurses working in general practice, it strongly suggests that almost all of the progress made towards meeting the nursing target has been the result of international recruitment with a very small contribution from domestic recruitment and a loss from an increased leaver rate.

**Figure 3.29: Change in the number of nurses and health visitors in HCHS settings, England, December 2019 to December 2022, by nationality**



Source: NHS Digital

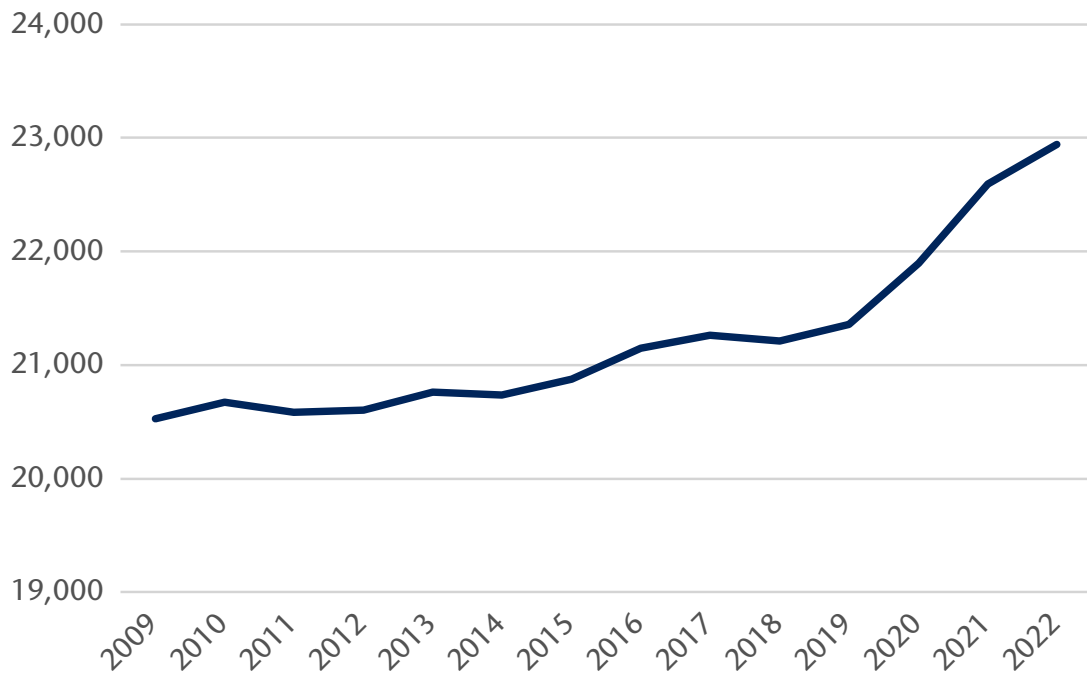
### Nursing and midwifery workforce in Wales

3.164 Figure 3.30 shows that in Wales the number of registered nursing staff has been on an upwards trend since 2009, with growth since 2019 stronger than during the previous decade. Compared with the previous year, the number of registered nurses grew by 2.5% in 2020, 3.2% in 2021 and 1.6% in 2022.

3.165 Figure 3.31 shows that in Wales the number of registered midwives was on an upwards trend between 2011 and 2019. However, between 2019 and 2022 the number of midwives fell by 2.7%.

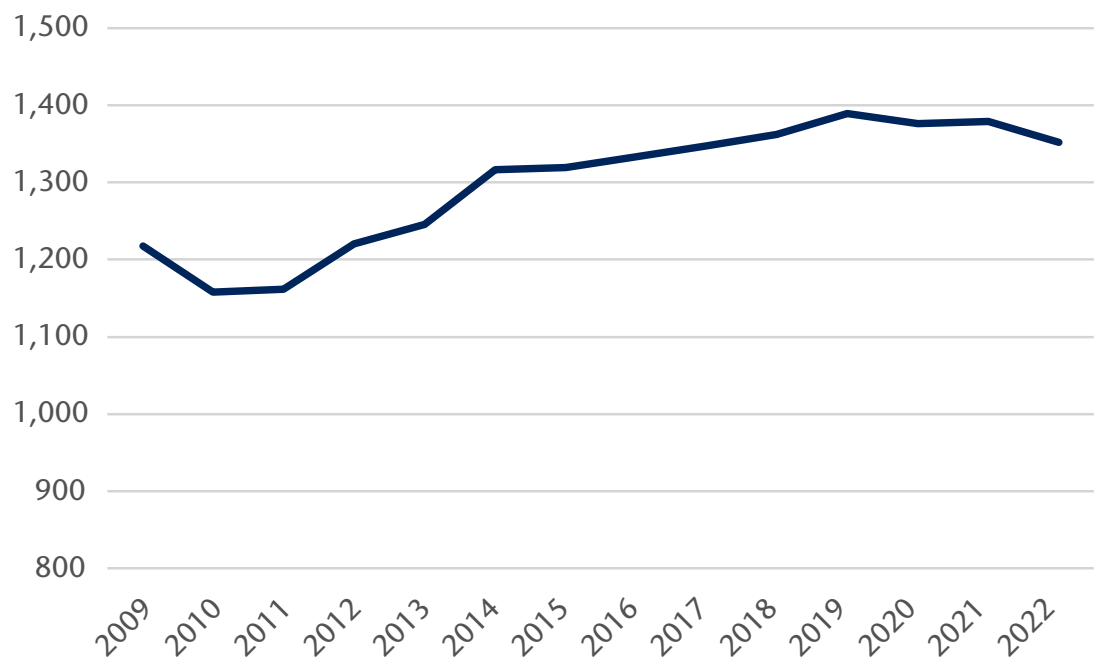
<sup>30</sup> <https://www.gov.uk/government/publications/50000-nurses-programme-delivery-update/50000-nurses-programme-delivery-update#:~:text=The%20programme%20is%20committed%20to,settings%2C%20compared%20to%20September%202019.>

**Figure 3.30: Number of registered nursing staff, FTE, Wales, September 2009 to September 2022**



Source: Stats Wales

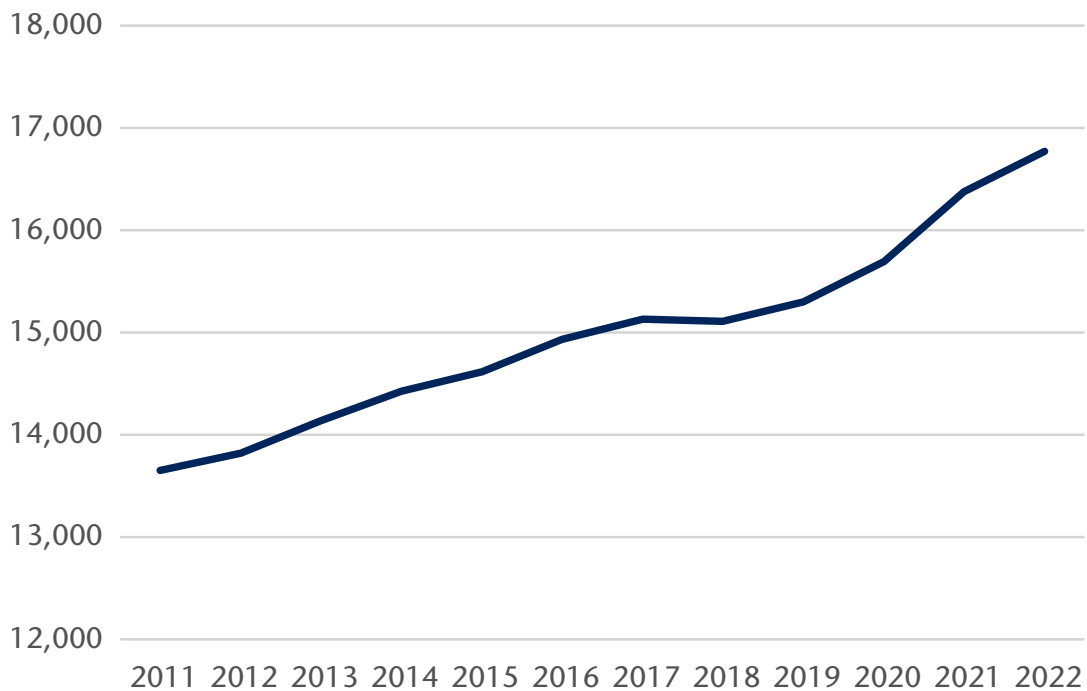
**Figure 3.31: Number of registered midwives, FTE, Wales, September 2009 to September 2022**



Source: Stats Wales

3.166 Figure 3.32 shows that in Northern Ireland, the number of registered nursing and midwifery staff has been on an upwards trend since 2011. Compared with the previous year, the number of registered nurses and midwives grew by 2.5% in 2020, 4.4% in 2021 and 2.4% in 2022.

**Figure 3.32: Number of registered nursing and midwifery staff, FTE, Northern Ireland, March 2011 to March 2022**



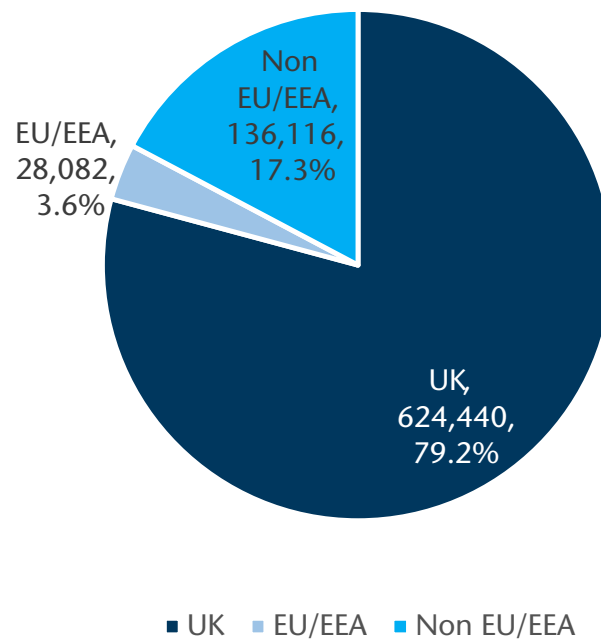
Source: Department of Health, Northern Ireland

### Nursing and Midwifery Council (NMC) Register

- 3.167 Data on the NMC Register helps us understand the total available workforce for nurses, midwives and nursing associates. It shows the numbers able to practice in the United Kingdom, although it will cover all those working in the NHS, private and independent sectors or the third sector, and not all of those on the register will be working in their registered roles or working at all. The latest data for March 2023, showed that there were 788,638 nurses and midwives registered to work in the UK. Of the total number, 624,440 (79.2%) were initially registered in the UK, 28,082 (3.6%) were initially registered in the EU/EEA and 136,116 (17.3%) initially registered outside the EU/EEA (Figure 3.33).
- 3.168 Compared with March 2019, the numbers on the NMC register have increased by 90,000 (13%). There was an increase in the number initially registered in the UK of 33,000 (5%), a fall in the number initially registered in the EU/EEA of 5,000 (-15%) and an increase in the number initially registered outside the EU/EEA of 63,000 (86%).



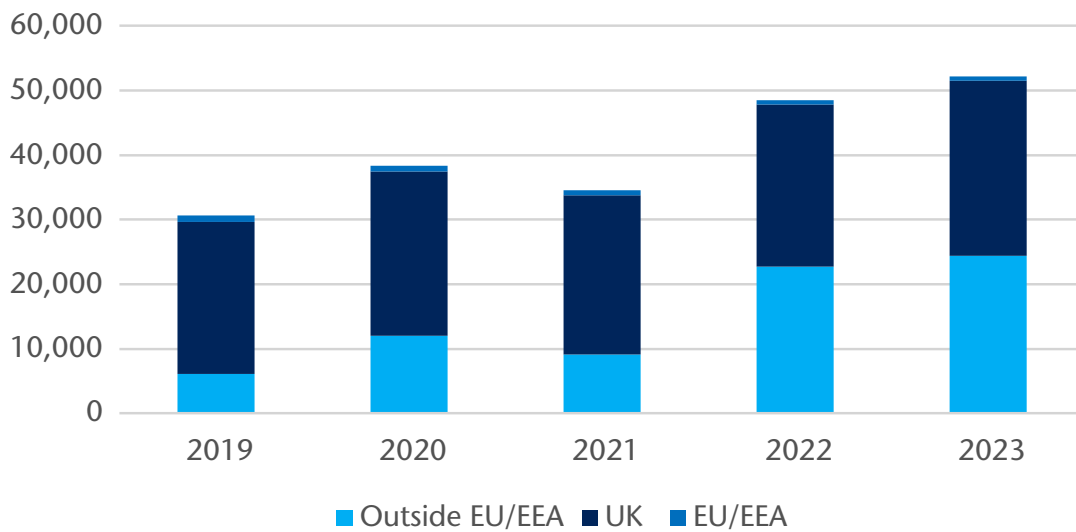
**Figure 3.33: Overall numbers of nurses and midwives on the NMC register by country of qualification, UK, March 2023**



Source: Nursing and Midwifery Council (NMC) Register, March 2023

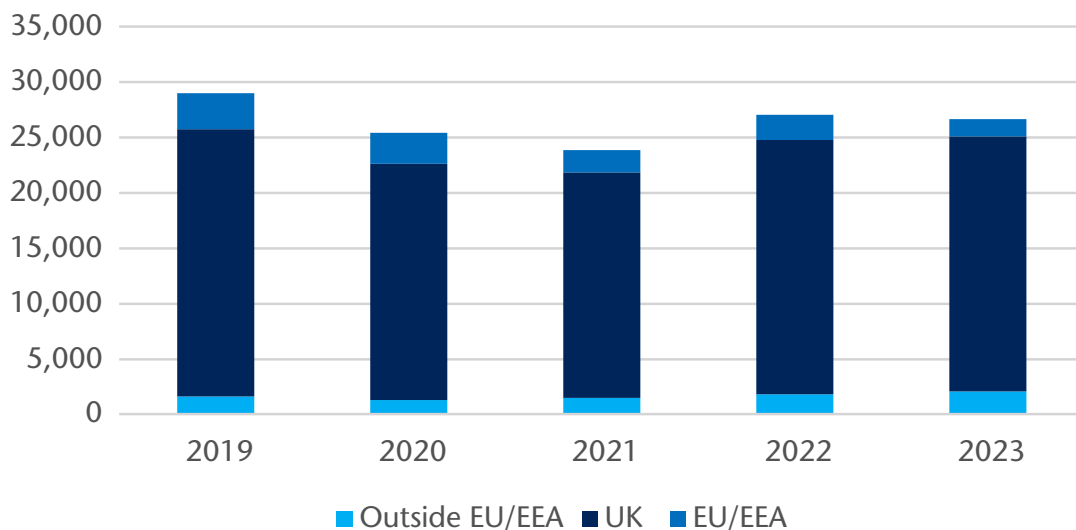
- 3.169 In the year to March 2023, there was an increase of 30,351 (4.0%) nurses and midwives on the register, as 52,148 joined the register for the first time and 26,755 left the register. The number of nurses on the register was 3.8% higher than a year earlier and the number of midwives was 3.9% higher, although the number dual registered nurse and midwife was 3.2% lower than a year earlier.
- 3.170 Figure 3.34 shows the numbers joining the register for the first time between the year to March 2019 and the year to March 2023. Overall, the numbers joining the register increased each year, except for the year to March 2021, when restrictions on international travel led to a fall in the numbers from outside the EU/EEA joining the register. In the year to March 2023, the numbers joining the register were 8% higher than in the previous year. There were: 27,142 joining from the UK, an increase of 2,118 (8%) from the previous year; 24,355 joining from outside the EU/EEA, an increase of 1,629 (7%) from the previous year; and 651 joiners from the EU/EEA, a fall of 29 (4%) from the previous year.
- 3.171 Figure 3.35 shows the numbers leaving the register between the year to March 2019 and the year to March 2023. Overall, the numbers leaving the register fell in 2020 and 2021, increased in 2022 but fell slightly in 2023. The number of leavers each year remains below the number of joiners. In the year to March 2023, there was a fall in the numbers leaving the register of 389 (1%). There was a fall in the number of leavers from the EU/EEA of 734, partially offset by an increase in the numbers leaving the register from the EU/EEA of 263 and from the UK of 82.

**Figure 3.34: Joiners to the NMC register, between year to March 2019 and year to March 2023, from the UK, EU/EEA and outside the EU/EEA**



Source: NMC Register, March 2023

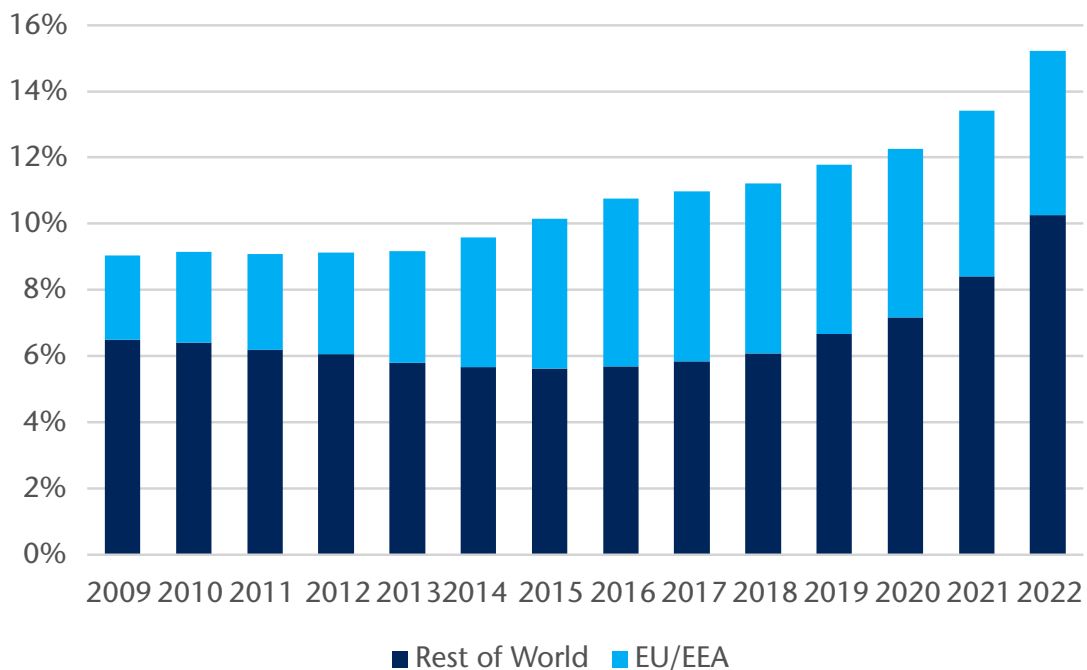
**Figure 3.35: Leavers from the NMC register, between year to March 2019 and year to March 2023, from the UK, EU/EEA and outside the EU/EEA**



Source: NMC Register, March 2023

## International recruitment

3.172 Figure 3.36 shows that in September 2022, of those staff whose nationality was known, 15.2% of the AfC workforce in England had a non-UK nationality, 5.0% with EU/EEA nationality, and 10.3% with a nationality from the rest of the world. Since 2016 the share of AfC staff with EU/EEA nationality has been stable, around 5%, while those with a nationality from the rest of the world has increased from 6% to over 10%.

**Figure 3.36: Nationality of AfC staff, England, headcount, 2009 to 2022**

Source: OME calculations using NHS Digital data

3.173 Data from the NMC shows the total number of nurses and midwives registered in the UK, whether working in the NHS or not. Table 3.10 shows that in March 2023 there were 788,638 nurses and midwives on the NMC register, 28,082 of whom were initially registered in the EU/EEA and 136,116 of whom were initially registered outside the UK and the EU/EEA. Between March 2019 and March 2023, the total number on the register increased by 90,402 (13%), of which 32,547 were first registered in the UK, and 62,808 outside the UK and the EU/EEA. The numbers first registered in the EU/EEA fell by 4,953 over the same period.

**Table 3.10: Number of NMC registered nurses and midwives by place of initial registration, March 2019 to March 2023**

	Mar 19	Sep 19	Mar 20	Sep 20	Mar 21	Sep 21	Mar 22	Sep 22	Mar 23
Total	698,236	706,250	716,597	724,515	731,898	744,848	758,287	771,398	788,638
UK	591,893	596,905	600,905	607,748	609,310	613,212	615,855	619,144	624,440
EU/EEA	33,035	31,973	31,385	30,895	30,330	29,419	28,862	28,431	28,082
Non EU/EEA	73,308	77,372	84,307	85,872	92,258	102,217	113,570	123,823	136,116

Source: NMC Register, March 2023

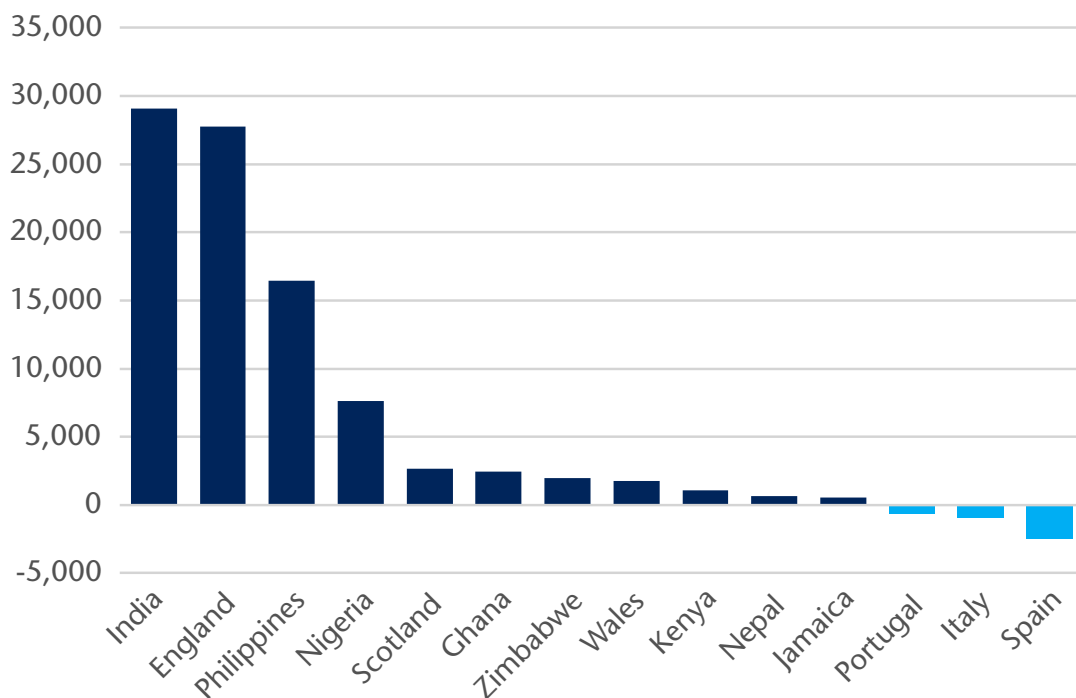
3.174 Table 3.11 shows that between September 2019 and March 2023 the numbers on the register first registered in the EU/EEA fell steadily, by 12% in total. Over the same period the numbers on the register first registered in the UK increased by 5% and the numbers registered outside the UK and the EU/EEA increased by 76%.

**Table 3.11: Change in number of NMC registered nurses and midwives by place of initial registration, September 2019 to March 2023**

	Sep 19	Mar 20	Sep 20	Mar 21	Sep 21	Mar 22	Sep 22	Mar 23
Total	1.1%	1.5%	1.1%	1.0%	1.8%	1.8%	1.7%	2.2%
UK	0.8%	0.7%	1.1%	0.3%	0.6%	0.4%	0.5%	0.9%
EU/EEA	-3.2%	-1.8%	-1.6%	-1.8%	-3.0%	-1.9%	-1.5%	-1.2%
Non EU/EEA	5.5%	9.0%	1.9%	7.4%	10.8%	11.1%	9.0%	9.9%

Source: NMC Register, March 2023

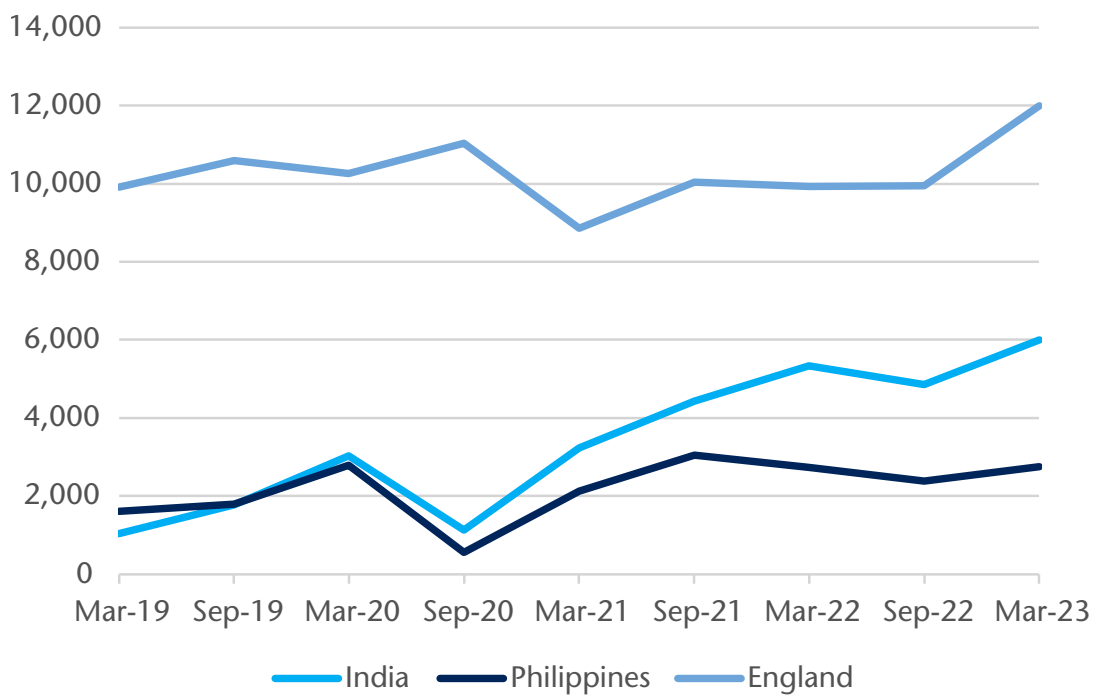
- 3.175 Figure 3.37 shows the change in the numbers on the NMC register, between March 2019 and March 2023, by country of training. This shows that the growth in the numbers on the register trained in India (29,100) were larger than the growth in the numbers trained in England (27,800). There were also marked increases in the numbers on the register trained in the Philippines (16,400) and Nigeria (7,600). Three of the countries showing the largest increase in numbers on the register were Nigeria, Ghana and Nepal. These countries are on the WHO 'red list' and so are deemed countries from which employers should not be actively recruiting.
- 3.176 The three countries with the largest fall in numbers on the register were Portugal, Italy and Spain.

**Figure 3.37: Changes in the numbers on the NMC register, by country of training, March 2019 to March 2023**

Source: NMC Register, March 2023 [Note: Only includes those countries where the net change was greater than +/- 500]

- 3.177 Figure 3.38 highlights the growth in the numbers joining the NMC register who were trained in India and the Philippines between the six months to March 2019 and the six months to March 2023.

**Figure 3.38: New joiners to the NMC register, by country of training, England, India and the Philippines, March 2019 to March 2023**

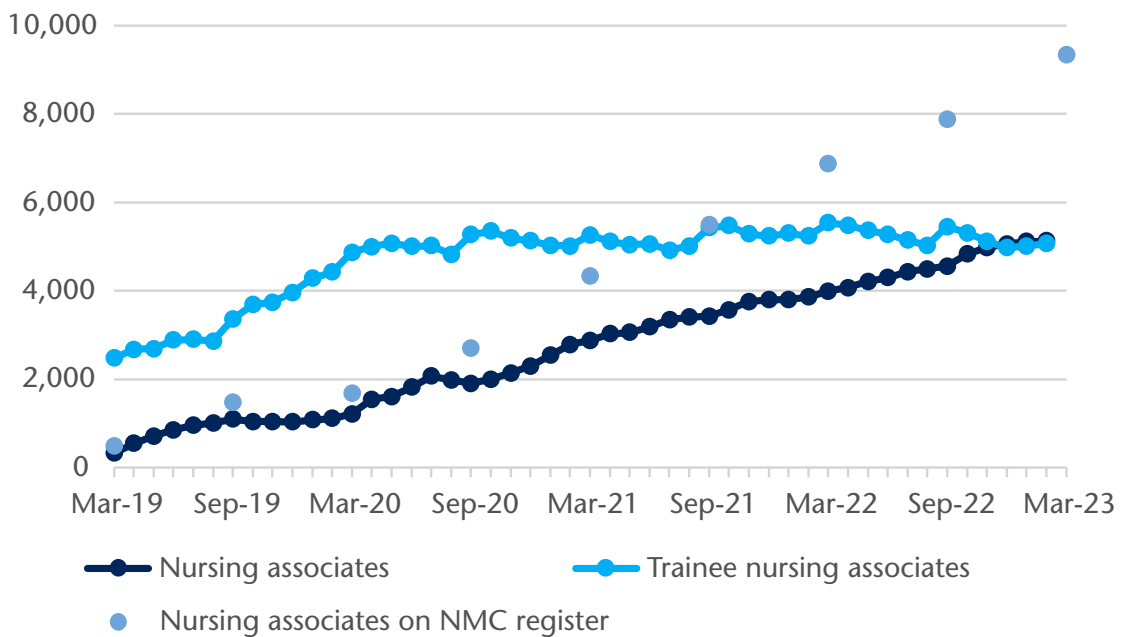


Source: NMC Register, March 2023

### Recruitment of nursing associates in England

3.178 Since March 2019, the NMC has registered nursing associates and its latest data, for March 2023, showed that there were 9,339 nursing associates registered. Data from NHS Digital showed that in February 2023 there were 5,128 FTE nursing associates working in the NHS in England (Figure 3.39), the highest number recorded to date, and an increase of 33% from a year earlier. NHS Digital data also shows that there were 5,070 FTE trainee nursing associates working in the NHS in England, a fall of 3% from a year earlier.

**Figure 3.39: Nursing associates and trainee nursing associates, FTE, England, March 2019 to March 2023**



Source: NHS Digital and NMC Register, March 2023

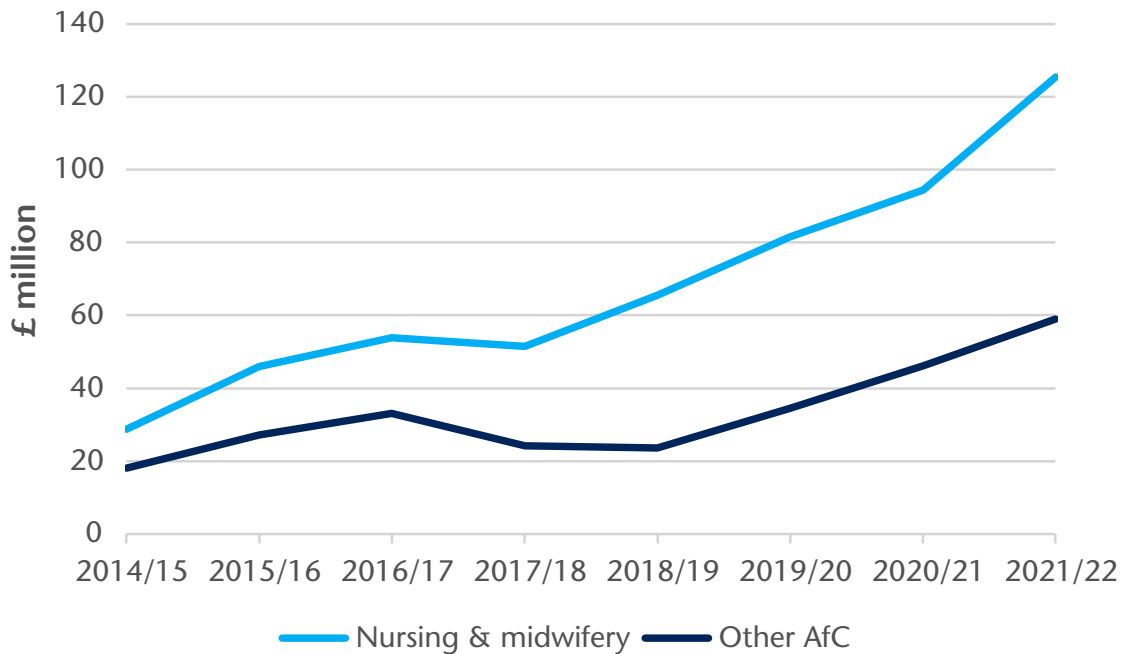
### Assessment of the nursing and midwifery workforce

- 3.179 Like the rest of the AfC workforce, growth in the nursing workforce has been uneven and insufficient to meet demand. We are particularly concerned to see the latest data showing a decline in health visitors and learning disability nurses and no significant change to the size of the midwifery workforce.
- 3.180 The UK Government is on track to meet its target for 50,000 more nurses in England by March 2024 and the number of nurses on the NMC register is increasing. The vast majority of the growth of the nursing workforce is due to international recruitment. Between December 2019 and December 2022, the workforce grew by 32,000. In that time, the number of nurses and health visitors with UK nationality increased by 3,000, those with an EU/EEA nationality fell by 2,000 and there was a fall in the number of nurses and health visitors with an unknown nationality. Over the same period, the number of nurses and health visitors with a nationality from the rest of the world increased by 35,000. International recruitment accounts for almost all of the progress towards the 50,000 nurses target. We also note the importance all parties place on ethical international recruitment and are concerned to see a continued increase in recruitment from countries, such as Nigeria, Ghana and Nepal, where the WHO the UK Government say there should be no active recruitment.
- 3.181 As we laid out in our 35th report, the NHS must continue to support staff recruited from overseas into the NHS and local communities to allow them to thrive in their NHS careers.

- 3.182 Furthermore, despite the success of international recruitment, we heard in evidence that continued reliance on international recruitment to meet the demand for nurses may be unsustainable given the global shortage of healthcare workers.
- 3.183 In Wales, growth in the nursing workforce halved in 2022 compared to 2021. The NHS in Wales also saw their midwifery workforce shrink by 2.7% between 2019 and 2022. In Northern Ireland, growth in their nursing workforce was also down by two percentage points in 2022 compared to 2021.

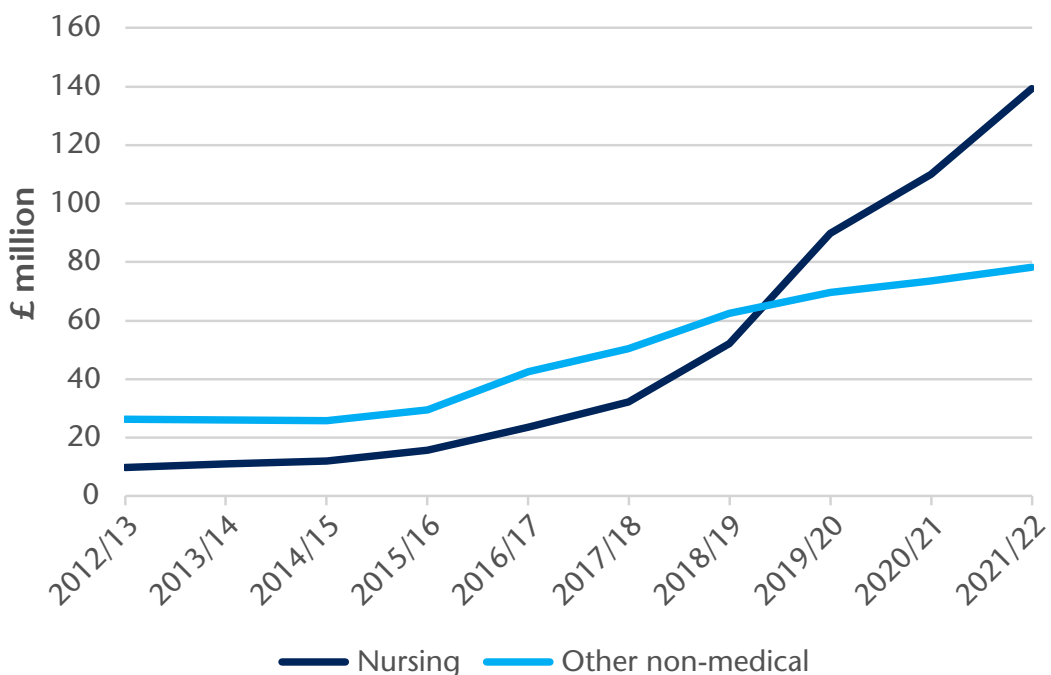
### Agency staff and spend

- 3.184 Bank and agency staff remain an important source of temporary staffing, which allows Trusts to respond to fluctuations in demand. However, regular use of agency staff in the NHS is widespread and has become part of day-to-day staffing requirements as the service deals with ongoing staff shortages. While both bank and agency are both used to fill gaps, employers generally see banks as more cost-effective and offering greater continuity of care, compared with the use of agency staff.
- 3.185 In **England**, DHSC said that spending on agency workers fell from £3.6 billion in 2015/16, to £2.4 billion in 2020/21, accounting for 4% of the overall NHS paybill, compared with 7.8% in 2015/16. However, DHSC said, in 2020 to 2021 and 2021 to 2022 total spend on agency and bank increased, reflecting workforce pressures and recovery of services. DHSC went on to say that there would be continued pressures on temporary staffing in 2022 to 2023 and that spend was not expected to reduce in the short term. NHSE said that between September 2019 and September 2022 the substantive nursing workforce increased by 11%, while over the same period the temporary workforce grew by 23% (bank nursing up by 21%, agency nursing up 27%).
- 3.186 The **Welsh Government's** evidence points to agency expenditure on nursing and midwifery increasing sharply in 2021/22, compared with 2020/21, resulting from staffing pressures and the need to reduce the post-COVID-19 backlog. Overall agency expenditure on AfC posts was £185 million, an increase of £44 million (31%) from 2021/21. Over that period expenditure to cover nursing and midwifery staff increased by £31 million (33%) while expenditure on other AfC posts increased by £13 million (28%) (Figure 3.40).

**Figure 3.40: Agency spend, for AfC staff groups, Wales, 2014/15 to 2021/22**

Source: Welsh Government

3.187 Figure 3.41 shows agency spend in **Northern Ireland** for nursing and midwifery staff and other non-medical staff, increasing sharply since 2014/15, from £38 million to £218 million in 2021/22. The increase in expenditure on nursing and midwifery staff over that period was particularly large, from £12 million to £139 million. In addition, the Department of Health said that spending on staff through banks in 2021/22 was £126 million, of which £84 million was on nursing and midwifery staff.

**Figure 3.41: Agency spend, for AfC staff groups, Northern Ireland, 2012/13 to 2021/22**

Source: Department of Health, Northern Ireland



## Our assessment of agency staff and spend

- 3.188 We note the increase in agency spend across England, Wales and Northern Ireland which DHSC have said is reflective of the continued pressure on the workforce. Northern Ireland and Wales also acknowledge their respective agency spending needs to be reduced.
- 3.189 Northern Ireland told us they have re-procured the contract agency frameworks. They have put in place a slightly more generous rate for agencies on framework; however, employers will not be able to use any off-contract agencies. We look forward to monitoring the progress of this policy.
- 3.190 In oral evidence, NHS Chief Executives told us increased recruitment and retention would reduce bank and agency costs. However, there would be a time lag between an increased number of new recruits and a reduction in bank and agency cost.
- 3.191 Regular use of agency staff also impacts on patient outcomes. A study, published in 2022, found agency staff are not an effective substitute for registered nurses who regularly work on the ward. The results demonstrate the value of ensuring and retaining a sufficient number of substantive staff and reducing agency usage.<sup>31</sup>

## Motivation and morale

### NHS Staff Survey (England)

- 3.192 Since our 2022 Report, the survey of NHS staff in England has been published. It was conducted between September and December 2022. There were 636,000 responses, a response rate of 46%. Between 2017 and 2022, the response rate for this survey has varied between 45% and 48%.
- 3.193 Figure 3.42 shows AfC satisfaction with pay in 2022, by staff group. Overall, 25% of staff said that they were satisfied<sup>32</sup> with pay, compared with 52% who said they were dissatisfied<sup>33</sup>.
- 3.194 Breaking the figures down by staff group shows that 'other'<sup>34</sup> staff were most satisfied (37%), followed by wider healthcare staff<sup>35</sup> (31%). The staff groups least satisfied with their pay were nursing and healthcare assistants (13%), ambulance staff (16%) and registered nurses and midwives (19%).

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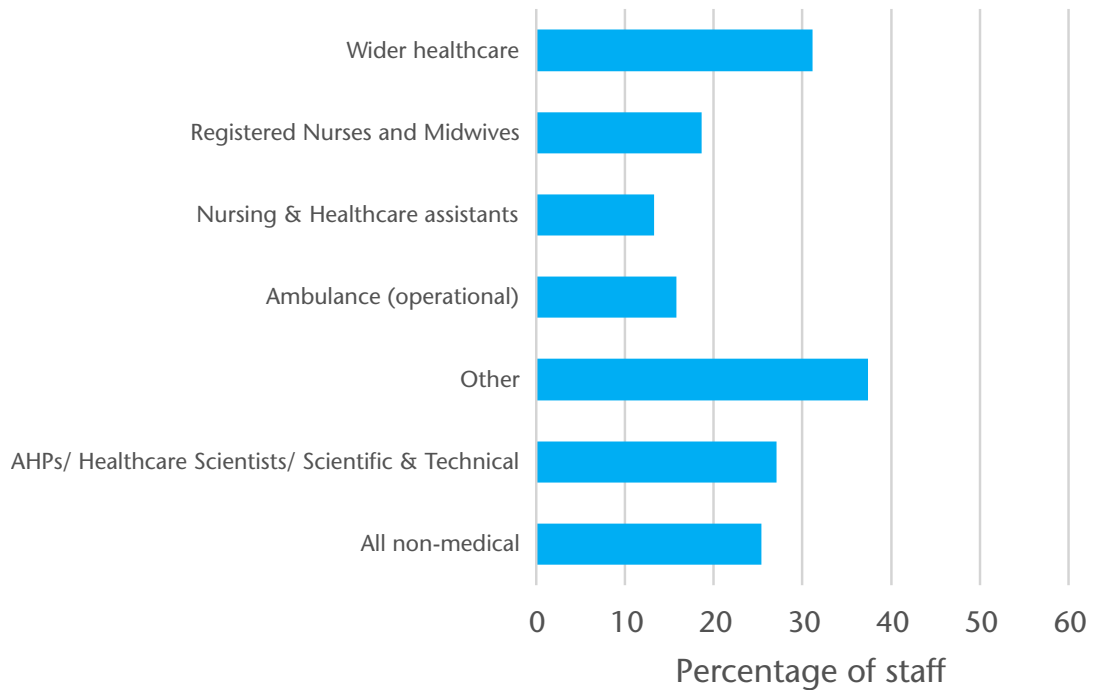
<sup>31</sup> <https://qualitysafety.bmj.com/content/32/5/254>

<sup>32</sup> In each case, satisfied refers to participants answering that they were "satisfied" or "very satisfied" with their level of pay.

<sup>33</sup> In each case, dissatisfied refers to participants answering that they were "dissatisfied" or "very dissatisfied" with their level of pay

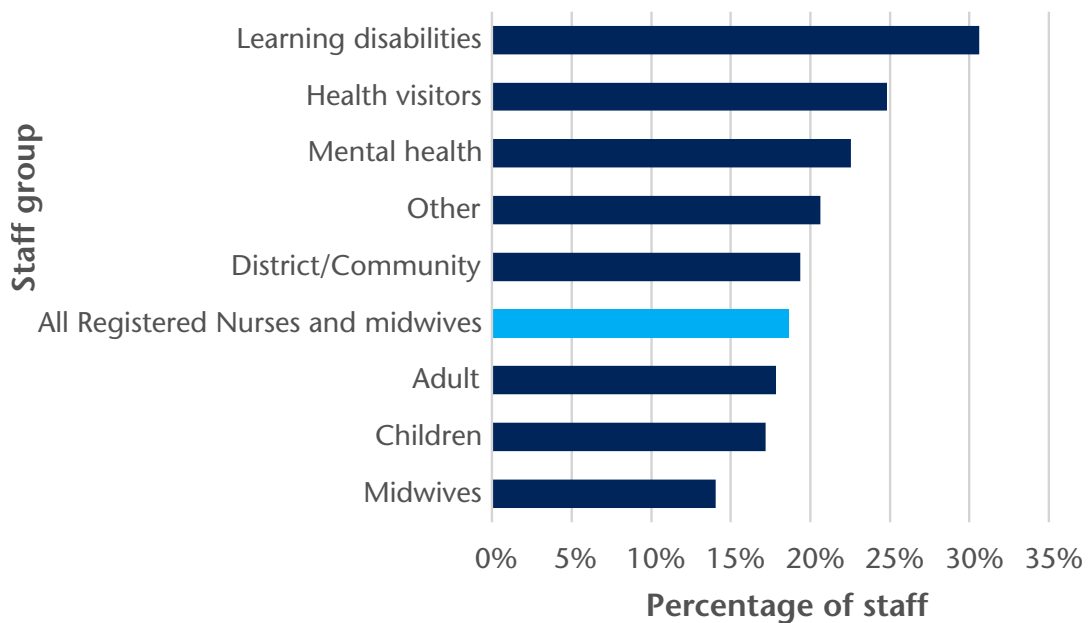
<sup>34</sup> 'other' staff includes: General management; Commissioning managers; Public health staff; and other occupational groups.

<sup>35</sup> Wider healthcare staff includes: Administration and clerical staff; Central functions; and Maintenance and ancillary staff.

**Figure 3.42: Satisfaction with level of pay by staff group, England, 2022**

Source: National NHS Staff Survey (England)

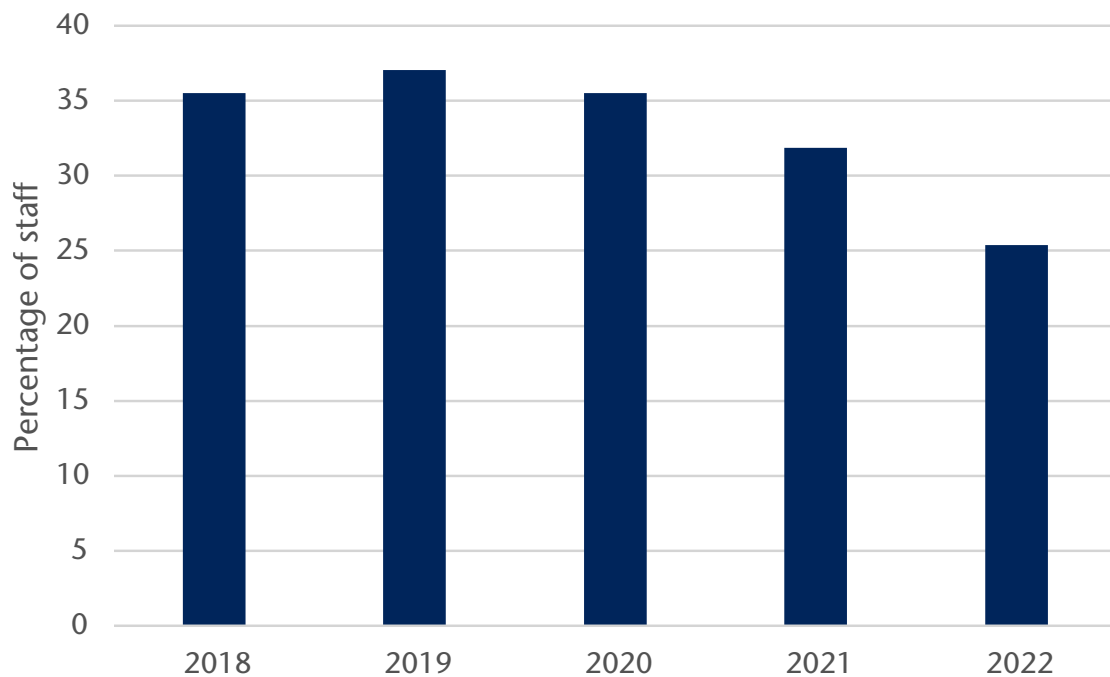
3.195 Within the registered nurses and midwives' group, satisfaction with pay varied by category (Figure 3.43). Overall, 19% of registered nurses and midwives said that they were satisfied with their pay, but within that total satisfaction with pay for different groups ranged between 31% for learning disabilities nurses and 14% for midwives.

**Figure 3.43: Satisfaction with level of pay, registered nurses and midwives, England, 2022**

Source: National NHS Staff Survey (England)

3.196 Figure 3.44 shows AfC staff satisfaction with pay between 2018 and 2022. Satisfaction with pay declined in 2022, compared with 2020 and 2021, by 6.5 percentage points and 10.1 percentage points respectively. In 2022, 25.4% of staff said that they were satisfied with pay, compared with 35.5% in 2020 and 31.9% in 2021. Overall satisfaction with pay in 2022 is lower than in 2017, just prior to the 2018 AfC agreement.

**Figure 3.44: Satisfaction with level of pay, England, 2018 to 2022**



Source: National NHS Staff Survey (England)

3.197 Table 3.12 below provides a selection of Staff Survey results on engagement and satisfaction between 2018 and 2022. While the 2021 results were considerably less positive than for 2020, those for 2022 generally showed relatively little change from 2021. The largest falls in positive responses were for questions relating to satisfaction with pay (a fall of 6.5 percentage points), and those recommending their organisation as a place to work (1.7 percentage points). In addition, the percentage of respondents saying they were considering leaving the NHS increased from 22.5% in 2021 to 23.8% in 2022. The largest increases in positive responses were for questions relating to being valued by their immediate line manager for their work (an increase of 1.0 percentage points), and recognition for good work (0.8 percentage points). The percentage of staff having an appraisal in the last 12 months increased, but remains below the level reported prior to 2020, and the onset of COVID-19.

3.198 Table 3.13 provides a selection of Staff Survey results on working pressures. The 2021 results were considerably less positive than for 2020 and those for 2022 generally showed relatively little change from 2021. The percentage of respondents saying that they had adequate materials to do their work and that there were enough staff for them to do their job properly fell again, by 1.3 and 0.6 percentage points respectively. There was a fall in the percentage of staff saying that they felt unwell as a result of work-related stress, but to a

level that remains higher than before COVID-19. In 2022, one-third of staff said that they felt burnt out because of work and just over half said that they were able to achieve a good balance between work and home life, although these were slight improvements from 2021. The percentage of respondents saying they were satisfied with opportunities for flexible working in 2022 were higher than in 2021, but lower than in 2020. The proportion of respondents saying that they did paid overtime increased while the proportion saying they did unpaid overtime fell.

**Table 3.12: Selected job satisfaction results from the national NHS staff survey, AfC staff, England, 2018 to 2022**

Measure	Question number in 2022 survey	2018	2019	2020	2021	2022	Trend <sup>1</sup>
<b>Engagement and job satisfaction</b>							
I look forward to going to work	2a	58.1	58.9	58.4	52.2	52.5	
I am enthusiastic about my job	2b	74.2	74.6	73.0	67.4	67.0	
Time passes quickly when I am working	2c	76.2	76.5	75.5	72.8	72.1	
The recognition I get for good work	4a	56.7	58.2	57.5	52.4	53.2	
My immediate manager values my work	9e	72.6	73.8	73.2	71.4	72.4	
Considering leaving the NHS <sup>2</sup>	24d	21.1	19.6	18.2	22.5	23.8	
Recommend my organisation as a place to work	23c	61.4	63.2	66.8	59.5	57.8	
The extent to which my organisation values my work	4b	46.1	48.1	48.1	42.5	42.8	
My level of pay	4c	35.5	37.0	35.5	31.9	25.4	
Percentage of staff appraised in the last 12 months	21a	88.2	87.9		83.0	83.9	
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months <sup>2</sup>	14a	27.5	27.8	25.9	26.6	26.7	

Source: NHS Staff Survey (England)

Notes:

(1) Trend lines do not have any common scale; they show the general direction of travel of individual key findings (which may exaggerate fairly small changes), and must be viewed in both the context of the preceding columns and full range of possible scores for each measure.

(2) Lower scores are better in this case.

**Table 3.13: Selected working pressures results from the national NHS staff survey, AfC staff, England, 2018 to 2022**

Measure	Question number in 2022 survey	2018	2019	2020	2021	2022	Trend <sup>1</sup>
<b>Workload</b>							
I am able to meet all the conflicting demands on my time at work	3g	45.6	46.7	48.2	43.7	43.7	
I have adequate materials, supplies and equipment to do my work	3h	55.1	56.7	60.8	58.1	56.8	
There are enough staff at this organisation for me to do my job properly	3i	32.1	32.7	38.6	27.6	27.0	
During the last 12 months have you felt unwell as a result of work related stress? <sup>2</sup>	11c	39.9	40.4	44.1	46.7	44.4	
Achieve good balance between work and home life	6c				53.4	53.9	
Feeling burnt out because of work <sup>2</sup>	12b				34.2	33.6	
The opportunities for flexible working patterns	4d	54.4	55.2	58.2	55.4	56.0	
Percentage of staff working PAID hours over and above their contracted hours? <sup>2</sup>	10b	32.4	33.6	32.3	35.3	36.7	
Percentage of staff working UNPAID hours over and above their contracted hours? <sup>2</sup>	10c	56.2	54.3	54.1	55.8	55.2	

Source: NHS Staff Survey (England)

Notes:

(1) Trend lines do not have any common scale; they show the general direction of travel of individual key findings (which may exaggerate fairly small changes), and must be viewed in both the context of the preceding columns and full range of possible scores for each measure.

(2) Lower scores are better in this case.

## Our assessment of morale and motivation

3.199 The NHS 2022 Staff Survey in England results showed little change from 2021 and are still significantly worse than the results seen in 2019. Satisfaction with pay saw a further decline to 25.4% from 38.6% in 2019.

3.200 With a sustained tight labour market, it is of significant concern to see no improvement in staff engagement and satisfaction with pay. It is critical to improve staff satisfaction and engagement which in turn will positively impact on service delivery, service improvement and patient care.

## Earnings

### Earnings growth

- 3.201 Table 3.14 shows mean annual earnings, by staff group, for the 12 months to December 2022, and the change from the 12 months to December 2021. As the data includes earnings prior to 1 April 2022, the full effect of the 2022 award is yet to be reflected in the comparisons with a year earlier. By staff group, mean annual earnings range between £85,100 for senior managers and £21,800 for hotel, property and estates staff.
- 3.202 All staff groups saw an increase in average earnings in the 12 months to December 2022, compared with the previous year – of between 1.5% (ambulance staff) and 6.3% (support to ST&T staff). All staff groups saw an increase in basic pay – of between 2.7% (senior managers) and 6.9% (hotel, property and estates). The largest increases in basic pay tended to be for the groups with relatively high numbers of staff in the lower pay bands, consistent with the flat cash award for 2022. Most staff groups saw a fall in non-basic pay – for some groups this may reflect a reduction in payments for additional activity, compared with the 12 months to December 2021 (the period covering much of the pandemic). The largest falls in non-basic pay were for ambulance staff (6.0%), managers (5.9%) and senior managers (5.5%).
- 3.203 **Non-basic pay** accounts for the largest share of overall earnings for ambulance staff (making up 27% of total earnings), support to ambulance staff (25%), hotel, property and estates staff (16%).

**Table 3.14: Average basic pay and annual earnings per person, England, December 2022, and change from December 2021.**

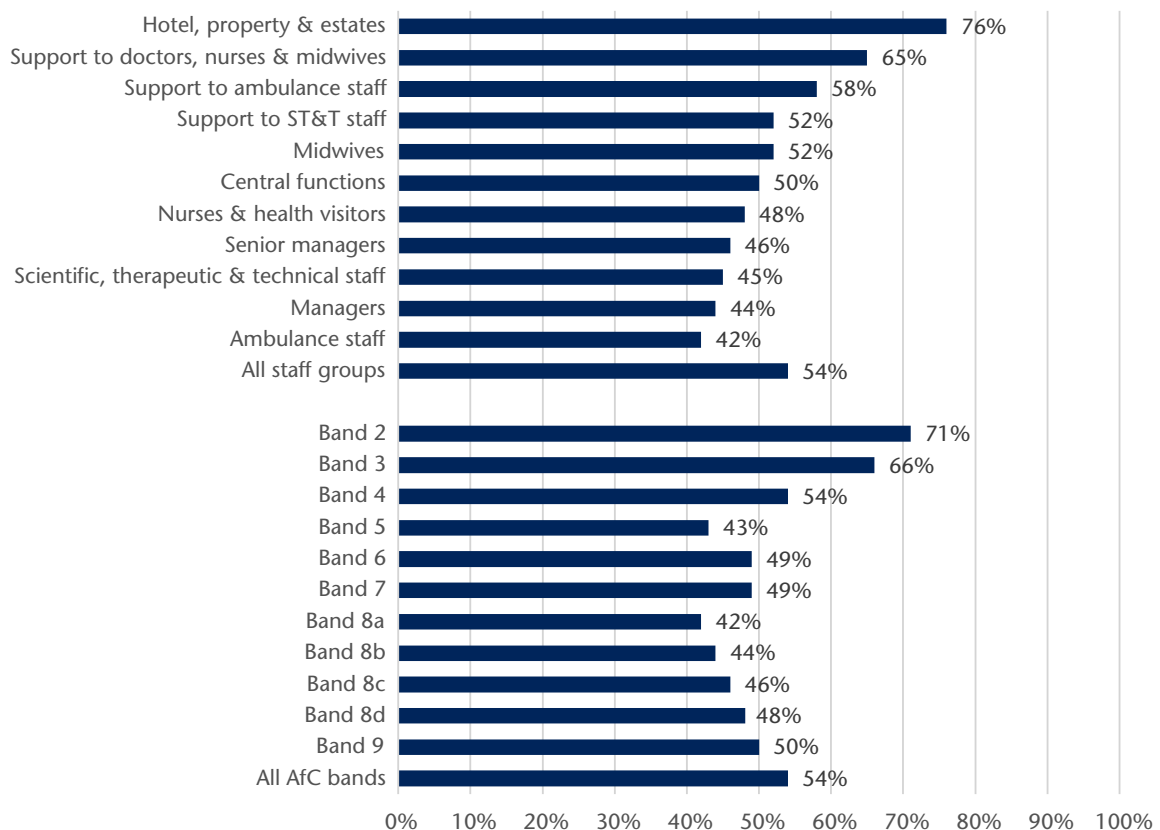
Staff Group	Average earnings		Basic pay per person		Non-basic pay per person		
	£	annual change	£	annual change	£	% of average earnings	annual change
<b>Nurses &amp; health visitors</b>	£36,934	3.5%	£32,621	4.0%	£4,313	12%	-0.3%
<b>Midwives</b>	£36,344	2.4%	£31,272	3.2%	£5,072	14%	-2.1%
<b>Ambulance staff</b>	£46,765	1.5%	£34,098	4.6%	£12,667	27%	-6.0%
<b>Scientific, therapeutic &amp; technical staff</b>	£38,476	3.8%	£35,458	4.2%	£3,018	8%	-0.9%
Support to clinical staff	£22,838	5.5%	£20,086	6.1%	£2,752	12%	1.4%
Support to doctors, nurses & midwives	£22,246	5.5%	£19,603	6.0%	£2,643	12%	2.5%
Support to ambulance staff	£29,880	3.8%	£22,303	5.6%	£7,578	25%	-1.2%
Support to ST&T staff	£22,798	6.3%	£21,136	6.7%	£1,663	7%	1.1%
<b>NHS infrastructure support</b>	£33,487	4.9%	£30,923	5.4%	£2,564	8%	-1.1%
Central functions	£30,172	5.0%	£28,466	5.3%	£1,706	6%	1.1%
Hotel, property & estates	£21,839	5.8%	£18,243	6.9%	£3,596	16%	0.6%
Senior managers	£85,058	2.4%	£81,530	2.7%	£3,528	4%	-5.5%
Managers	£57,194	2.5%	£54,308	3.0%	£2,886	5%	-5.9%

Source: NHS Digital

3.204 Figure 3.45 shows that in England, at the end of March 2022, 54% of AfC staff were at the top of their pay band, up from 50% a year earlier. The proportion varied across staff groups between 42% of ambulance staff and 76% of hotel, property and estates staff. Other than Band 1, which is a single pay point, the bands with the largest percentage of staff on the top of their pay band were Band 2 (71%), Band 3 (66%) and Band 4 (54%), while the bands with the smallest percentage of staff on top of their pay band were Band 8a (42%), Band 5 (43%) and Band 8b (44%).

3.205 In 2019, new arrangements were introduced for pay progression within the bands of the AfC structure. Annual increments ceased and staff became eligible for progression linked to performance and development over intervals of time between two and five years. DHSC said that in 2022-23 only 14% of staff would be eligible for pay progression in their current band, meaning that they will only see an increase in pay through the annual pay award, or from achieving promotion to a higher band. Staff on Band 8a and above wait five years before moving from the minimum to the maximum point of their band, which means that only 4-5% of staff in these bands were due to progress in-year. The bands with the largest percentage of staff due to progress in-year were bands 5 (21% of staff progressing in-year), band 6 (16%) and band 7 (15%).

**Figure 3.45: Estimated share of staff (FTE) on top of band by staff group and band, 31 March 2022, England**



Source: NHS Digital

3.206 In its evidence, the DHSC said that there were almost 550,000 AfC staff in the NHS in both March 2012 and 2022, and over that period those staff had seen on average a 40% increase in basic pay per FTE, with a median increase of 33%<sup>36</sup>. Median increases varied by staff group, with managers, senior managers and ambulance staff having increases of more than 50%, while the median increase for support staff was below 30%. However, it is important to note that there are significant variances between staff in terms of the changes to their pay over the past ten years; at the 25th percentile (lower quartile) AfC staff saw a 17% increase in basic pay per FTE over the 10-year period, with nurses and health visitors and midwives at this point in the pay distribution each seeing increases of 14%.

3.207 The figures are based on the staff group of the individual in March 2022, which may be different to that at the start of the period – for example a senior manager in 2022 may have been a manager in 2012, a nurse, health visitor or midwife in 2022 may have been a member of staff supporting those groups. As such the data includes the impact of pay progression, promotion and pay scale reform.

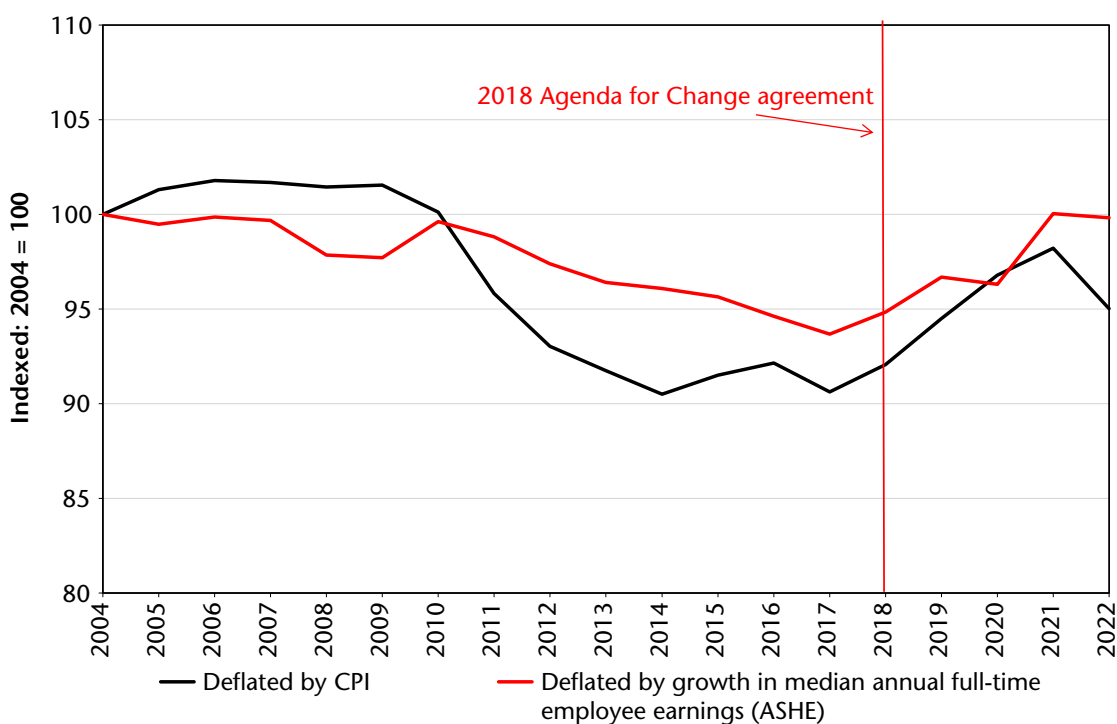
<sup>36</sup> DHSC written evidence, Table 5.7



## Nurse starting pay

3.208 Figure 3.46 shows changes to the nurse starting pay point in England since the introduction of AfC in 2004, adjusted either for inflation, or earnings growth in the wider economy. Following the introduction of AfC the nurse starting pay point in England maintained its value against both inflation and average earnings growth until 2009, shortly after the financial crash. Between 2009 and 2017, the first point on the scale lost value compared with inflation as measured by CPI, and to a lesser extent relative to full-time employee earnings growth. The increase in value of the starting pay point for nurses contained in the 2018 AfC pay agreement meant that between 2017 and 2021 starting pay for nurses grew more quickly than CPI price inflation and median average earnings. In 2022 nurses starting pay increased by 5.5%, retaining its value against median full-time employee earnings (grew by 5.7%), but lost ground against CPI (grew by 9.0% in April 2022).

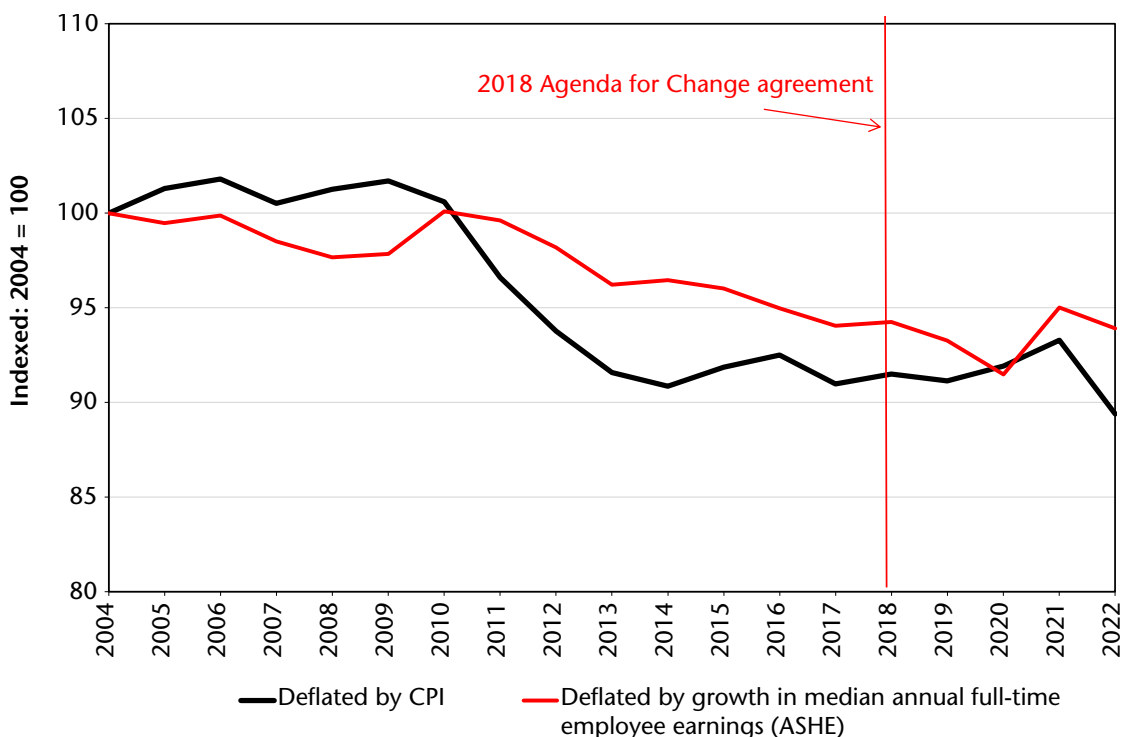
**Figure 3.46: Nurse starting pay point deflated by the growth in median average earnings and inflation, England, 2004 to 2022**



Source: OME analysis of ONS data (Annual Survey of Hours and Earnings (ASHE), CPI (D7G7) April each year

3.209 The bottom point on Band 5 will be the pay point on which most nurses join the service, but there are also more nurses and health visitors paid on Band 5 than any other Band and 43% of staff at Band 5 are on the top of the pay band. Figure 3.47 shows changes to the value of the pay point at the top of Band 5 since the introduction of Agenda for Change (AfC) in 2004, adjusted either for inflation, or earnings growth in the wider economy. Following the introduction of AfC the pay point at the top of Band 5 maintained its value against inflation until 2009 and average earnings growth until 2010. However, between 2011 and 2017 the value of the top point of Band 5 increased by 4%, meaning that this point lost value compared with both inflation and earnings growth. The 2018 AfC pay agreement saw the Band 5 maximum increase by 3.0% in the first year of the deal and 1.7% in each of the second and third years. These increases meant that although the Band 5 maximum continued to lose ground against average earnings growth, it did maintain its value against CPI over the course of the agreement. In 2021, the Band 5 maximum increased by 3.0%, a greater rate of increase than CPI, while full-time median earnings fell in 2021. In 2022, the Band 5 maximum increased by £1,400 (4.4%), a smaller increase than for CPI (9.0% in April 2022) and full-time median earnings (5.7% in 2022).

**Figure 3.47: Top of Band 5, deflated by the growth in median average earnings and inflation, England, 2004 to 2022**



Source: OME analysis of ONS data (Annual Survey of Hours and Earnings (ASHE), CPI (D7G7) April each year

## Job Evaluation Scheme (JES)

3.210 The NHS JES measures the skills, responsibilities and effort that are required for a job, and allocates it to an Agenda for Change pay band. It does this by comparing jobs to national job profiles or evaluating jobs locally, to set the basic pay for staff.

- 3.211 Throughout our visit programme this year, we heard a range of views on the effectiveness of the scheme at a local level. In England, we only heard from one organisation where both the staff and employer side were content with how it functioned locally. Many staff were unaware of the process by which their job might be evaluated.
- 3.212 At oral evidence, NHSE recognised there are local challenges. In response, NHS Employers are putting in place more training for organisations.
- 3.213 The Welsh Government told us about the updates they are making to their JES. Measures include developing All Wales Job Descriptions to use across organisations and delivering consistency checking training. This is alongside monitoring every month with Job Evaluation practitioners across Wales.
- 3.214 In evidence, we were told the review of nursing and midwifery was progressing through the Staff Council. The NHS Staff Council had established two task and finish groups who were, at the time, analysing the evidence. A report on this was due to go to the NHS Staff Council in May.

### **Pay comparisons: ASHE**

- 3.215 The Annual Survey of Hours and Earnings (ASHE) has been used for a number of years to compare earnings for the human health and social work activities sector with employees in the public and private sector as well as to certain broad occupational groups. These sector and group earnings (median gross weekly pay) are shown in Table 3.15. In 2022, median gross weekly pay for full-time employees in the human health and social work activities sector increased by 6.3%, compared with 5.0% across the economy as a whole and 4.6% across the public sector. Median gross weekly pay in the private sector increased by 5.9%. The reference period for the weekly ASHE calculations is in April, which means that some of the data is likely to be affected by the lockdowns of the economy and the furlough scheme from March 2020, especially the data for 2020 and 2021.

**Table 3.15: Change in median gross weekly pay for full time employees at adult rates, 2018 to 2022, April each year, United Kingdom**

	Median gross weekly pay (change on previous year)										Change 2018- 2022
	2018		2019		2020		2021		2022		
Human health and social work activities sector	£530	(3.9%)	£552	(4.3%)	£563	(2.0%)	£575	(2.0%)	£611	(6.3%)	15.4%
All employees	£568	(3.3%)	£585	(3.0%)	£586	(0.1%)	£610	(4.1%)	£640	(5.0%)	12.6%
Public sector	£613	(2.2%)	£632	(3.2%)	£648	(2.5%)	£664	(2.5%)	£695	(4.6%)	13.4%
Private sector	£548	(3.3%)	£571	(4.1%)	£566	(-0.8%)	£585	(3.4%)	£620	(5.9%)	13.0%
Professional occupations	£745	(1.6%)	£769	(3.2%)	£777	(1.1%)	£794	(2.1%)	£813	(2.4%)	9.1%
Associate professional and technical occupations	£619	(2.4%)	£624	(0.8%)	£612	(-1.9%)	£603	(-1.6%)	£630	(4.5%)	1.7%
Administrative & secretarial occupations	£445	(3.2%)	£457	(2.7%)	£461	(0.8%)	£479	(4.1%)	£499	(4.1%)	12.1%
Skilled trades occupations	£524	(2.7%)	£541	(3.3%)	£506	(-6.5%)	£551	(8.9%)	£591	(7.2%)	12.8%
Caring, leisure and other service occupations	£374	(3.4%)	£392	(5.0%)	£404	(3.0%)	£414	(2.6%)	£442	(6.7%)	18.2%

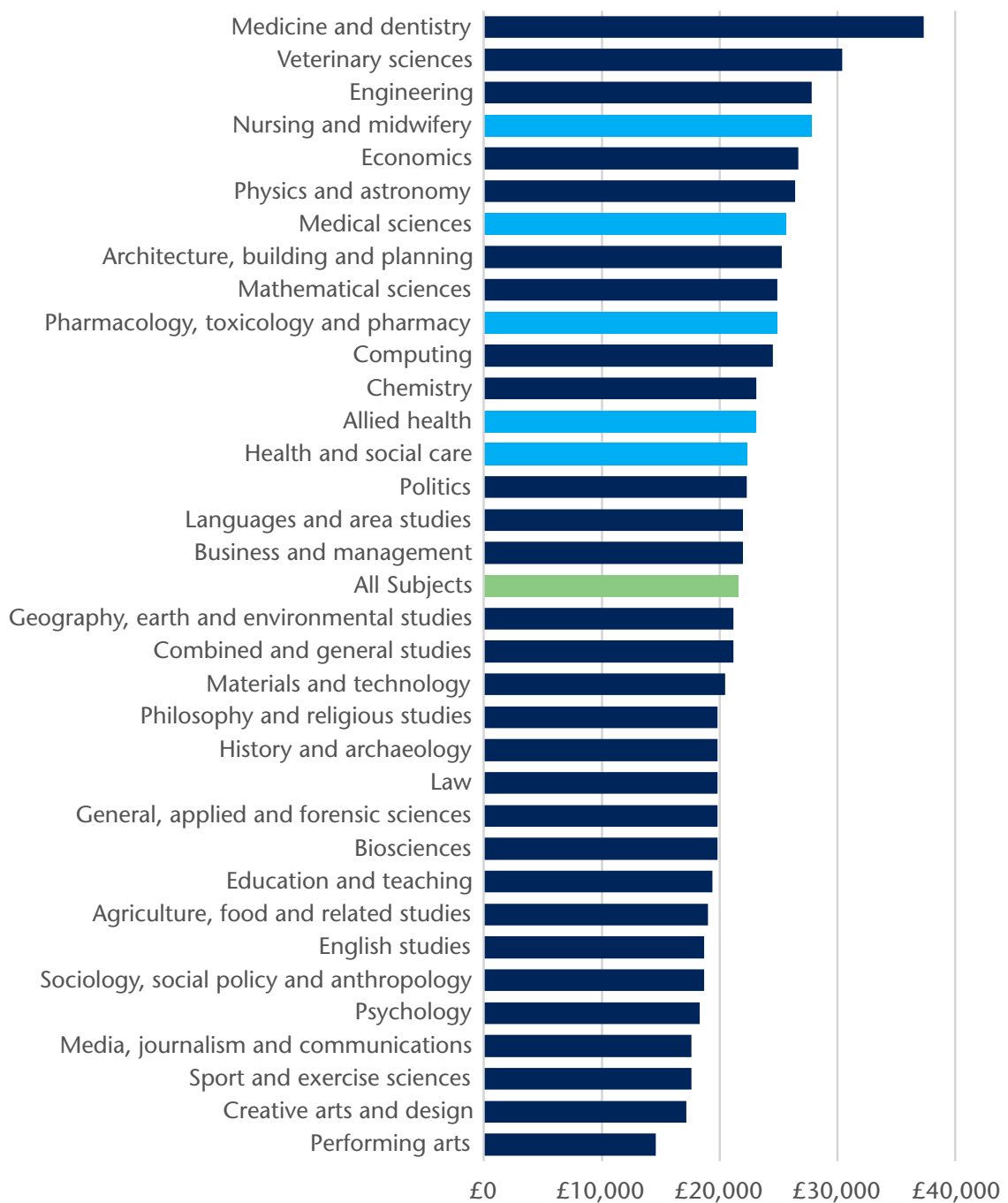
Source: ONS (Annual Survey of Hours and Earnings)

### Pay comparisons: LEO data

3.216 Data from the Longitudinal Education Outcomes (LEO) data set, published by the Department for Education (DfE), track the employment and earnings outcomes of UK-domiciled first-degree higher education (HE) graduates from UK HE institutions, Further Education Colleges and Alternative Providers, using HMRC data. The data show median earnings in 2019/20 (pre-COVID-19), by subject studied for those one, five and ten years after graduation. The LEO data cover annual earnings, for both full and part-time workers, and is not adjusted for geography, age or other factors. It also includes the earnings of those working in areas unrelated to their degree subject, for example someone with a nursing degree working outside the health sector.

3.217 Figure 3.48 shows median earnings one year after graduation. Only those who studied: medicine and dentistry; veterinary sciences; and engineering had higher median earnings than those who studied nursing or midwifery. Median earnings of those who studied: medical sciences; pharmacology, toxicology and pharmacy; allied health subjects; and subjects related to health and social care, were also above the median for graduates as a whole.

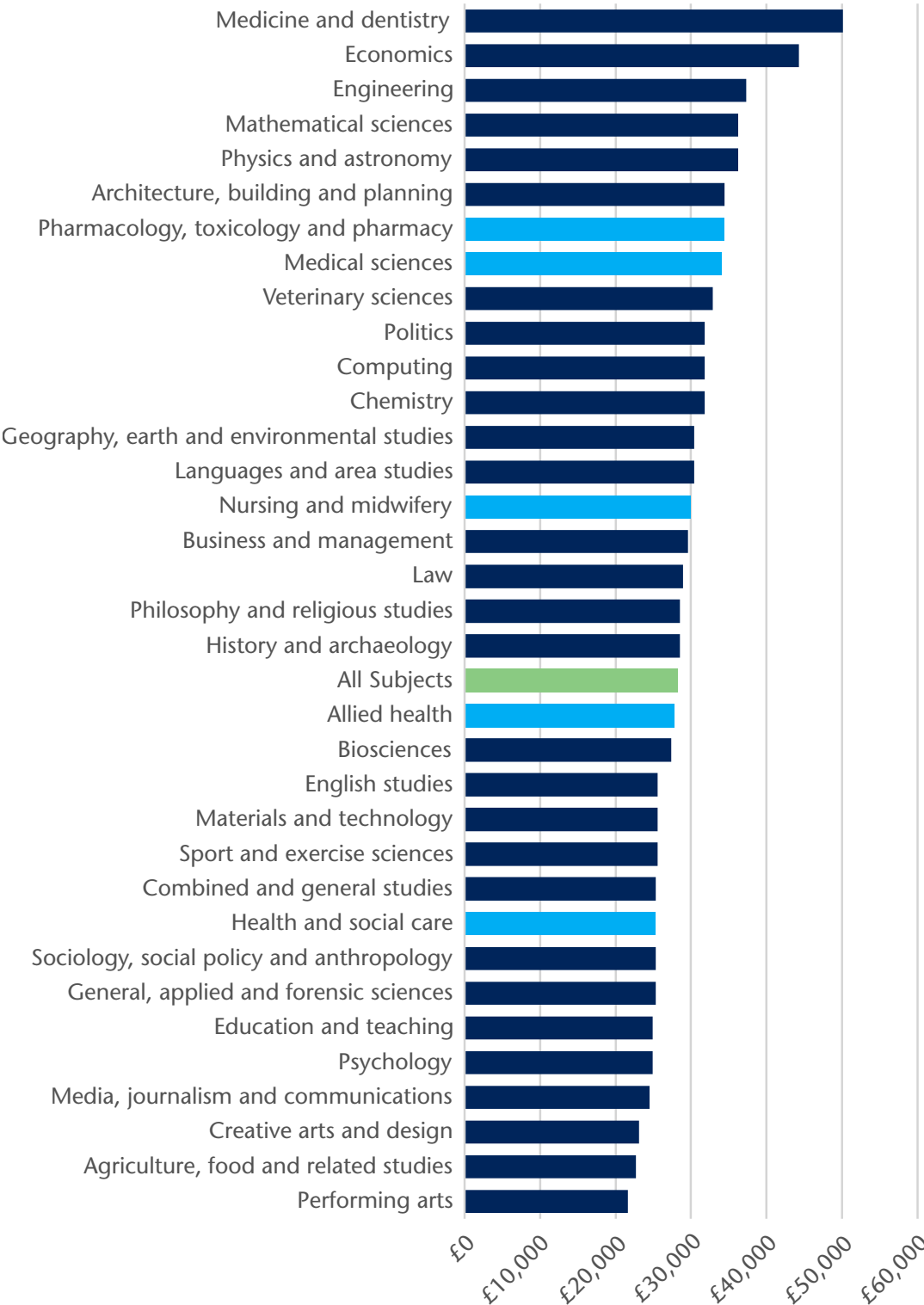
**Figure 3.48: Annual gross earnings one year after graduation (2017/18 cohort), median, £**



Source: OME analysis of LEO data set

3.218 Figure 3.49 shows that median earnings, five years after graduation, for those who studied pharmacology, toxicology and pharmacy, and medical sciences were still considerably above median earnings for graduates as a whole. For those who studied nursing or midwifery, median earnings were still above the median for graduates as a whole, but by less than they had been one year after graduation. Median earnings for those who had studied allied health subjects were in line with the overall graduate median, while median earnings for those who studied subjects related to health and social care had fallen below the median for graduates as a whole.

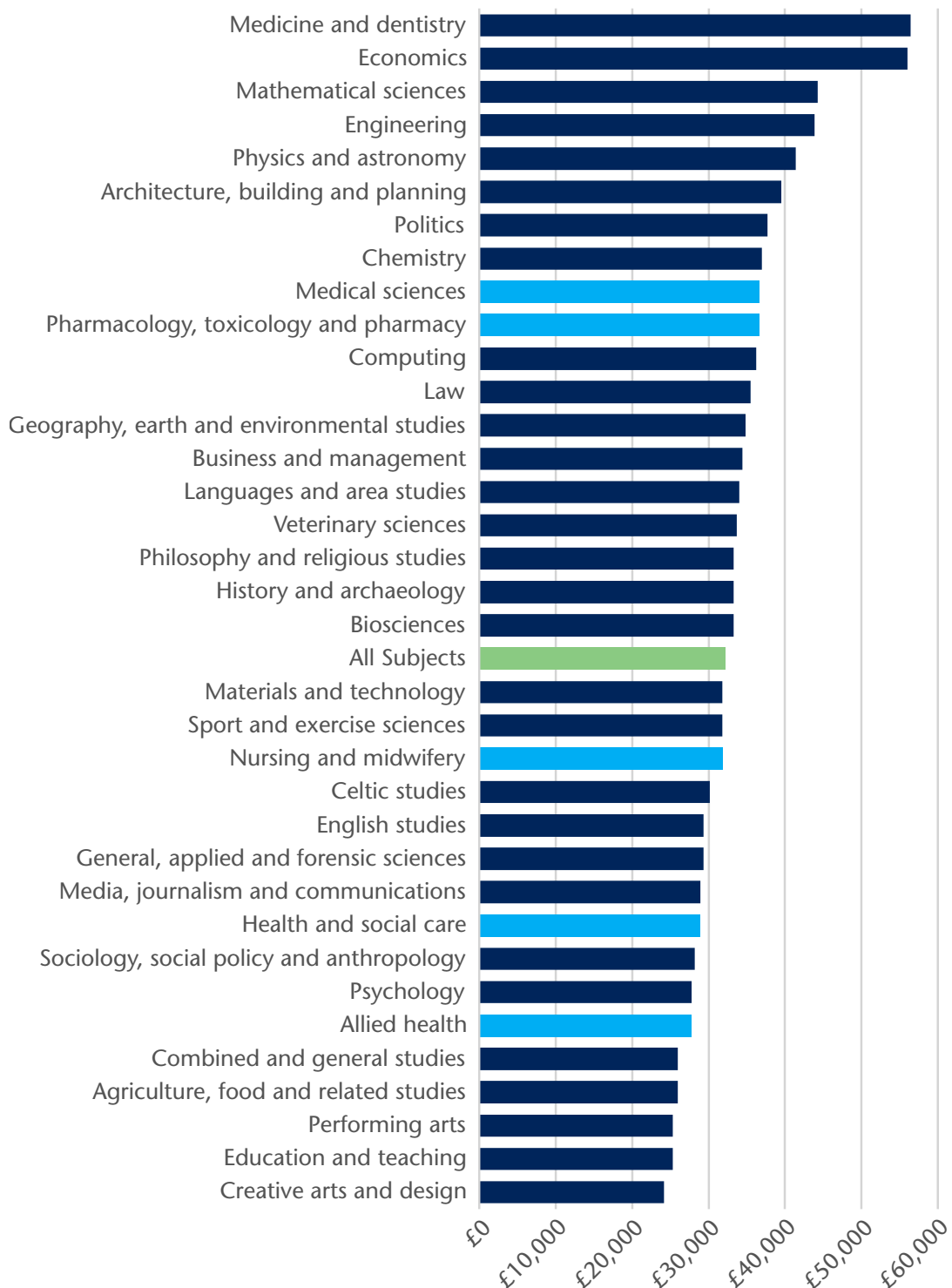
**Figure 3.49: Annual gross earnings five years after graduation (2013/14 cohort), median, £**



Source: OME analysis of LEO data set

3.219 Figure 3.50 shows that median earnings, ten years after graduation, for those who studied pharmacology, toxicology and pharmacy, and medical sciences were still above median earnings for graduates as a whole. However, median earnings for those who studied nursing or midwifery, or allied health subjects had fallen below the overall graduate median, as were the median earnings of those who studied subjects related to health and social care.

**Figure 3.50: Annual gross earnings ten years after graduation (2008/09 cohort), median, £**



Source: OME analysis of LEO data set

## Take-home pay

- 3.220 In 2022/23, compared with 2021/22, the value of the highest pay point for most bands increased by £1,400, the exceptions being band 1 (increased by £1,724), band 6 (£1,561) and band 7 (£1,833). This was equivalent to increases of between 1.3% for the highest point of band 9 and 9.3% for the band 1 spot rate. In the five years since the start of the 2018 AfC pay agreements basic pay for NHS staff at the top of their band in England increased by between 9.0% for band 9 and 29.3% for band 1.
- 3.221 During 2022/23 there were changes to employee national insurance contribution rates and NHS pension scheme employee contribution rates which will have affected the value of take-home pay for staff. Between April and October 2022, employee national insurance contribution rates increased from 12% to 13.25%, before reverting back to 12%. From 1 October 2022, NHS pension scheme employee contribution rates were changed. Although the overall average value of contributions remained unchanged at 9.8%, the distribution of contributions changed. For full-time staff, contribution rates were increased for lower paid staff and reduced for higher paid staff. For part-time staff, contribution rates were changed to reflect their actual earnings rather than being based on the higher FTE level of earnings.
- 3.222 After taking account of changes to income tax, national insurance and pension contributions, but not student loans, basic take-home pay increased, in 2022/23 compared with 2021/22, by between 0.0% for band 9 and 6.6% for band 1. In the five years since the start of the 2018 AfC pay agreements basic take-home basic pay for NHS staff at the top of their band in England increased by between 8.2% for band 9 and 24.4% for band 1. However, we did hear on our visits from staff on the minimum point of band 8 that the effect of the 2022/23 pay award was to increase the value of their pension contributions, which when coupled with other changes to the tax and national insurance system, eliminated the value of their pay award.



**Table 3.16: Basic full-time pay and take-home pay, at the top of pay bands, England, 2017/18 to 2022/23**

Basic Pay				Change 21/22 to 22/23		Change 17/18 to 22/23	
Top of:	2017/18	2021/22	2022/23	£	%	£	%
Band 1	£15,671	£18,546	£20,270	£1,724	9.3	£4,599	29.3
Band 2	£18,157	£19,918	£21,318	£1,400	7.0	£3,161	17.4
Band 3	£19,852	£21,777	£23,177	£1,400	6.4	£3,325	16.7
Band 4	£22,683	£24,882	£26,282	£1,400	5.6	£3,599	15.9
Band 5	£28,746	£31,534	£32,934	£1,400	4.4	£4,188	14.6
Band 6	£35,577	£39,027	£40,588	£1,561	4.0	£5,011	14.1
Band 7	£41,787	£45,839	£47,672	£1,833	4.0	£5,885	14.1
Band 8a	£48,514	£53,219	£54,619	£1,400	2.6	£6,105	12.6
Band 8b	£58,217	£63,862	£65,262	£1,400	2.2	£7,045	12.1
Band 8c	£69,168	£75,874	£77,274	£1,400	1.8	£8,106	11.7
Band 8d	£83,258	£90,387	£91,787	£1,400	1.5	£8,529	10.2
Band 9	£100,431	£108,075	£109,475	£1,400	1.3	£9,044	9.0

Take-home pay				Change 21/22 to 22/23		Change 17/18 to 22/23	
Top of:	2017/18	2021/22	2022/23	£	%	£	%
Band 1	£13,234	£15,443	£16,459	£1,016	6.6	£3,225	24.4
Band 2	£14,813	£16,314	£17,115	£801	4.9	£2,302	15.5
Band 3	£15,890	£17,234	£18,074	£841	4.9	£2,185	13.7
Band 4	£17,416	£19,169	£19,896	£727	3.8	£2,480	14.2
Band 5	£20,688	£22,759	£23,410	£651	2.9	£2,722	13.2
Band 6	£24,825	£27,297	£27,975	£678	2.5	£3,149	12.7
Band 7	£28,586	£31,422	£32,161	£738	2.4	£3,575	12.5
Band 8a	£31,769	£34,824	£35,684	£860	2.5	£3,915	12.3
Band 8b	£37,179	£40,939	£41,280	£341	0.8	£4,101	11.0
Band 8c	£42,710	£46,550	£46,795	£245	0.5	£4,085	9.6
Band 8d	£49,325	£53,792	£53,931	£139	0.3	£4,606	9.3
Band 9	£57,895	£62,619	£62,628	£10	0.0	£4,734	8.2

Source: OME analysis of NHS Employers data

## National Living Wage (NLW)

3.223 Table 3.17 shows changes in the NLW and the Living Wage Foundation real Living Wage since 2017. Following the introduction of the new NLW on 1 April 2023, the salaries attached to the lowest pay points on the AfC scale (Band 1 and Band 2 minimum) in England and Northern Ireland equated to an hourly rate below the new NLW (£10.37 per hour in both England and Northern Ireland) of £10.42 per hour. This prompted DHSC and the Department of Health Northern Ireland to announce temporary increases to the lowest pay points on the AfC scale from 1 April 2023 to levels equivalent to £10.57 per hour in England and £10.42 per hour in Northern Ireland, pending the 2023 NHSPRB recommendations.

**Table 3.17: National Living Wage and the Living Wage Foundation real Living Wage rates per hour, in place at April 2023**

Year	National Living Wage (NLW)		Living Wage Foundation Real Living Wage (LWFRLW)		Living Wage Foundation Living Wage (London)		Agenda for Change pay minimum (England)				
	£ per hour	change from previous year	£ per hour	change from previous year	£ per hour	change from previous year	£	£ per hour	change from previous year	relative to NLW	relative to LWFNLW
2017	7.50		8.45		9.75		15,404	7.88		5%	-7%
2018	7.83	4.4%	8.75	3.6%	10.20	4.6%	17,460	8.93	13.3%	14%	2%
2019	8.21	4.9%	9.00	2.9%	10.55	3.4%	17,652	9.03	1.1%	10%	0%
2020	8.72	6.2%	9.30	3.3%	10.75	1.9%	18,005	9.21	2.0%	6%	-1%
2021	8.91	2.2%	9.50	2.2%	10.85	0.9%	18,546	9.49	3.0%	6%	-0%
2022	9.50	6.6%	9.90	4.2%	11.05	1.8%	20,270	10.37	9.3%	9%	5%
2023	10.42	9.7%	10.90	10.1%	11.95	8.1%	22,383	11.45	10.4%	10%	5%
Change from 2017 to 2023	39%		29%		23%		45%				

Source: Low Pay Commission, Living Wage Foundation

3.224 The Low Pay Commission, which makes recommendations to Government each year on the level of the NLW, has been asked to increase the NLW to a target of two-thirds of median earnings, by 2024. The LPC projects that this will require an NLW of £11.16 per hour from April 2024 (an increase of 7.1% from April 2023).

3.225 The Living Wage Foundation announced on 22 September 2022 an increase to their real Living Wage of 10.1%, to £10.90 per hour, and an 8.1% increase to their London real Living Wage to £11.95 per hour.

3.226 NHS Employers told us that all NHS organisations in Wales and Scotland were paying the real Living Wage. NHS Employers also said that some NHS organisations in England were paying the real Living Wage to enable them to address, recruitment and retention of staff, with the increase in pay taking the form of a local top-up payment rather than a substantive increase to the national level of base pay.

### Pay and earnings by gender and ethnic group

3.227 NHS Digital have published data showing the differences in mean basic pay, between male and female staff and White and all other ethnic minorities combined, in May 2022 (Table 3.18)

**Table 3.18: Differences in mean monthly basic pay per FTE, by gender and ethnicity, England, May 2022**

	Gender pay gap (2021 figure in brackets)		Ethnicity pay gap (2021 figure in brackets)	
	White	BME	Female	Male
	Female/Male	Female/Male	BME/White	BME/White
All AfC	-8% (-8%)	-1% (-1%)	-5% (-4%)	-12% (-11%)
Nurses and health visitors	-4% (-4%)	-2% (-2%)	-13% (-11%)	-15% (-12%)
Professionally qualified staff	-5% (-4%)	-4% (-3%)	-12% (-10%)	-12% (-11%)
Support to clinical staff	-3% (-3%)	1% (0%)	-1% (-1%)	-5% (-4%)
Infrastructure support	-12% (-12%)	-3% (-5%)	-5% (-5)	-14% (-13%)

Source: DHSC written evidence (Table 5.8)

3.228 For basic pay:

- White female staff were paid 8% less than White males, with the difference ranging between 12% for infrastructure support staff and 3% for staff supporting clinical staff.
- Female staff from ethnic minorities were paid 1% less than male staff from ethnic minorities, with the differences ranging between 4% for infrastructure support staff and female staff supporting clinical staff paid 1% more than their male colleagues.
- Female staff from ethnic minorities were paid 5% less than White female staff, with the difference ranging between 15% for nurses and health visitors and 1% for staff supporting clinical staff.
- Male staff from ethnic minorities were paid 12% less than White male staff, with the difference ranging between 15% for nurses and health visitors and 5% for staff supporting clinical staff.

## Our assessment of AfC earnings

- 3.229 HMT said in its evidence that pay review bodies should consider 2023-24 pay awards in relation to those in the private sector, and that public sector pay awards significantly above the private sector could risk higher and more persistent inflation. At the time of HMT submitting its evidence in January 2023, median settlements across the economy were 5%. However, later data from XpertHR, for the three months to April 2023 show median pay settlements at 6%. Covering the same period, IDR recorded a median of 5.6% and the Labour Research Department (LRD) has median pay settlements of 7.0%. On top of this, many employers have responded to recruitment and retention pressures and the higher cost of living with one-off payments, additional or interim pay rises and consolidated flat-rate amounts.
- 3.230 At the bottom end of the AfC pay scale, base pay has become increasingly important in the face of cost-of-living pressures and a competitive employment market. Some parties supported a commitment to the Real Living Wage. Given the increased complexity of roles at the bottom end of the pay scale, all parties were of the view that a pay policy for the entry point of AfC should maintain a clear premium above the NLW.
- 3.231 We noted in evidence from DHSC that 25% of those nurses and midwives who were in continuous employment in the NHS between 2012 and 2022 saw an increase in average earnings of no more than 14%. This is compared to a mean of 40% for all AfC staff who were in continuous employment in the NHS across the same time period. It is reasonable to assume the vast majority of this group will have been at the top of their pay band for this time and so will be highly experienced clinical staff and will play a vital role in mentoring newly recruited healthcare staff as well as playing a key role in patient safety and care. As we set out in our recent reports, this group has benefited least from the investment in AfC pay between 2018- 2020, where the emphasis was on shortening the length of time people spent in each band before reaching the maximum pay point, rather than on maintaining the value of the pay band maxima. It is crucial experienced staff are retained in the NHS and so it is key that the NHS rewards and recognises clinical expertise developed over time.
- 3.232 The JES was put in place to ensure equal pay for work of equal value. Since it was put in place as part of the AfC contract in 2004, the nature of healthcare roles has changed and, in general, the complexity of roles has increased.
- 3.233 We heard repeatedly from staff and from employers that the increasing complexity of jobs was not reflected in job evaluations because organisations would not be able to afford the increased levels of pay. We recognise that employers will plan their workforces within their budgets and that the NHS is not able to reward staff for doing more complex roles by charging higher prices. However, having listened across the system, it is our clear sense that the link between the evaluation of jobs and pay setting could work more effectively to reflect jobs as they develop. All parties have set out an appetite to invest in job evaluation expertise at a local level and it will be important that there is also an appetite to invest in job design and in pay where a job weight has changed.

- 3.234 Since the AfC contract was introduced, nursing, midwifery and paramedicine have all become graduate professions and the introduction of new roles, such as the nursing associate role, have changed the skill mix of the clinical teams so that, for example, on occasions nurses will be looking after more patients supported by more junior staff resulting in more complex and more responsible work. In the time since the introduction of the AfC contract, some AfC professions, such as paramedicine, midwifery and physiotherapy, have benefited from preceptorship models where staff automatically progress to Band 6.
- 3.235 Nurses and midwives represent the biggest group of staff in the NHS and, given the variety of roles they undertake, we were clear in our 34th and 35th reports that the review of nursing and midwifery banding carried out by the NHS Staff Council is important and timely work. In our 35th report, we noted that the review should be completed as soon as feasibly possible, and we are concerned about the time taken to completion. The review should be completed promptly, and funding for any outcomes should be planned and budgeted for in the 2023/24 financial year.

### **Total Reward**

- 3.236 The total reward offer remains a key part of the NHS employment offer and includes a range of pay and non-pay benefits, including flexible working and pensions as we discuss below. However, we are clear that base pay has become increasingly important to staff in the face of the cost of living rising.
- 3.237 Job satisfaction and ability to appropriately use professional skills are reducing as the pressure on staff has increased. In turn, this has the potential for reduced goodwill which impacts on discretionary effort the NHS relies on.

### **Flexible working**

- 3.238 DHSC told us that it is important to many NHS staff to have the opportunity to work flexibly. 'We work flexibly' is one element of the People Promise, which the NHS is committed to delivering for staff by 2024/25.
- 3.239 Flexible working is increasingly important in retaining colleagues post COVID-19 pandemic. Many employers have now established much more flexible working patterns than seen previously.
- 3.240 There has been very little change in the satisfaction with flexible working patterns from 2018 to 2022, despite the changes to the framework for agreeing flexible working opportunities being introduced in September 2021.
- 3.241 The Welsh Government told us a steering group had been set up to develop All Wales guidance to support organisations in their approach to flexible working.
- 3.242 The Department of Health Northern Ireland recognise they need to offer further flexible working opportunities and are looking towards implementing new and flexible ways of working.

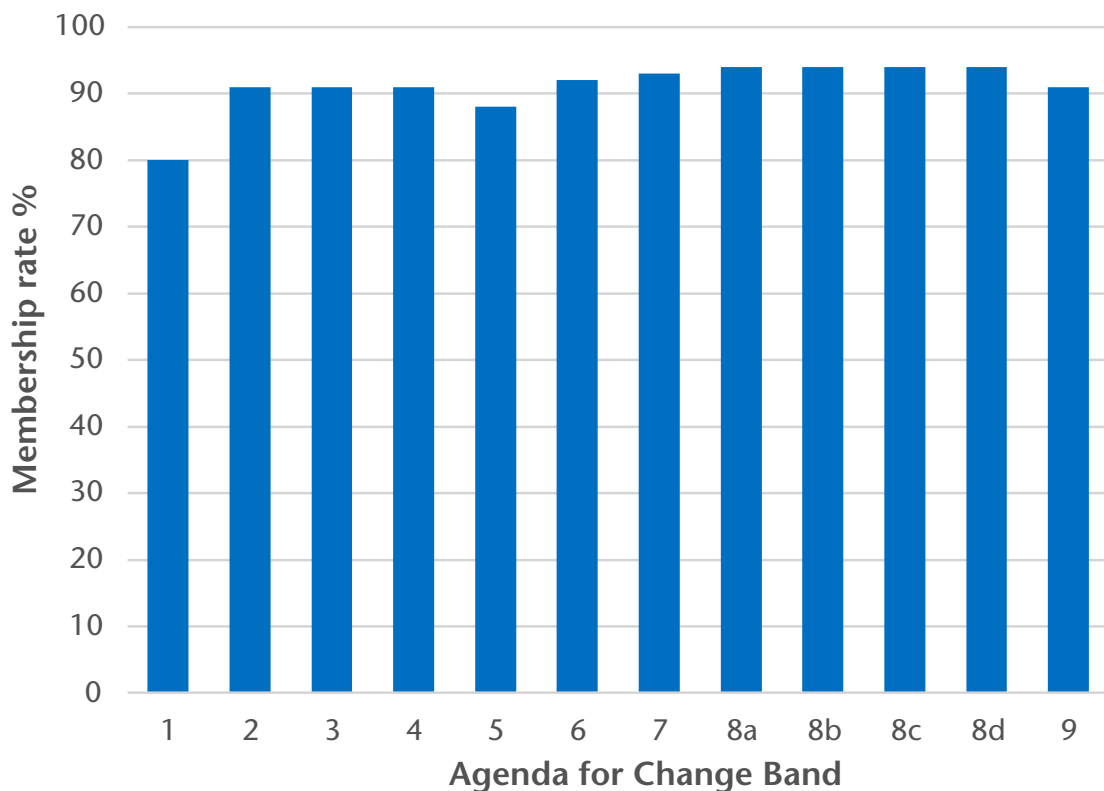
## Our assessment of flexible working

- 3.243 Flexible working has become increasingly important to employees, and a normal part of many working lives, as the working environment radically changed in response to the COVID-19 pandemic. Many employers now offer flexible working as standard, and we heard on our visits that trainees were planning to work flexibly in their career from day one.
- 3.244 Despite a new framework for flexible working being introduced in England in 2021, and new NHS Staff Council guidance published in 2022, there has been no change in staff satisfied with the opportunities offered. We asked for evidence for this year's report of flexible working in particular in clinical settings but no parties were able to provide evidence.
- 3.245 Having effective policies in place to enable flexible working will be increasingly important in retaining experienced staff; however, NHS leaders told us managers did not have the experience, bandwidth and available staff to offer flexible working in the context of staff shortages and existing working patterns with established 12-hour shifts particularly in clinical areas.
- 3.246 We would urge employers to continue to work with staff to offer flexible and agile opportunities to improve retention of the workforce and ensure managers across the service have the support, education and systems to be able to offer the right solutions to ensure the implementation of any flexible working policy is as good as the policy itself.

## Pensions

- 3.247 HMT told us that pensions in the public sector are substantially more generous than pensions in the private sector. NHS staff, who are part of the pension scheme, are part of a Defined Benefit scheme which is substantially more generous than the Defined Contribution pensions received by most private sector employees.
- 3.248 Figure 3.51 shows that in June 2022 approximately 91% of AfC staff in England were members of the NHS Pension Scheme. Staff in Bands 6 to 8d (92-94%) were most likely to be scheme members while those in Band 1 were least likely (80%).

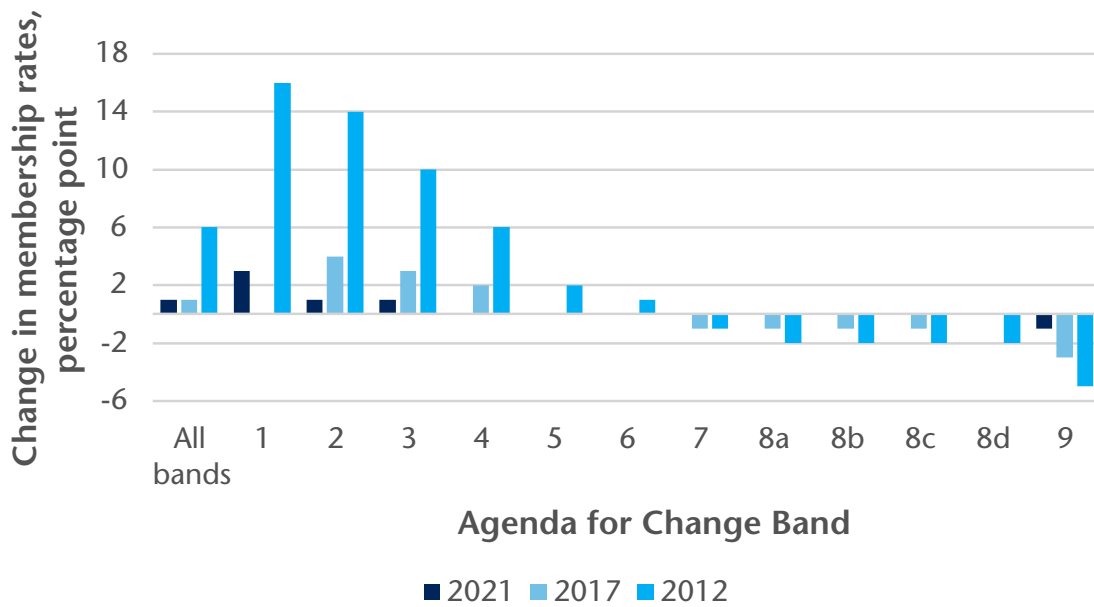
**Figure 3.51: Estimated pension membership rate by AfC band, June 2022, England**



Source: DHSC

- 3.249 Figure 3.52 shows changes in the membership rate of the NHS Pension Scheme, by AfC band, between 2022 and each of 2012, 2017 and 2021. Across all bands membership rates rose by 6 percentage points between 2012 and 2022 and increased by 1 percentage point between 2021 and 2022.
- 3.250 Between 2012 and 2022, membership rates increased for those in Bands 1 to 6 but decreased for those in Bands 7 to 9. Over that period, the largest percentage point increases in membership rates were for those in Bands 1, 2 and 3, where membership rates increased by 16, 14 and 10 percentage points respectively. However, the membership for staff in Band 1 remained much lower, at 80%, in June 2022 than for staff in other bands. More recently, between 2021 and 2022, the overall membership rate increased by 1 percentage point, with increases in membership rates for Band 1 (up 3 percentage points), Band 2 (up 1 percentage point) and Band 3 (up 1 percentage point). The only band to see a fall in membership rate was Band 9 (down 1 percentage point).

**Figure 3.52: Change in pension membership rate by Agenda for Change band, between June 2022, and 2021, 2017 and 2012, England**



Source: DHSC

- 3.251 The first stage of a two-stage change to NHS Pension Scheme contribution rates took place in October 2022. The changes to rates are intended to narrow the range in contributions paid by the lowest and highest paid staff.
- 3.252 The first stage took place in October 2022, after the pay award for 2022 (Table 3.19). On visits we heard from staff whose pensionable earnings had increased to a level that saw an increase in their employee contribution rate. Unlike income tax, where the highest rate is paid only on marginal earnings above the threshold, the highest contribution rate is applied to all earnings. One element of the planned changes was that the thresholds would be increased in line with the AfC pay award each year, which should ensure that in the future staff will only move to a higher contribution rate if they move to a higher pay point or a higher band.



**Table 3.19: NHS Pension Scheme employee contributions structure, 2022**

Tier	Pensionable earnings £	Rate prior to 1 October 2022	Rate from 1 October 2022
1	Up to £13,231	5.0%	5.1%
2	13,232 to 16,831	5.0%	5.7%
3	16,832 to 22,878	5.6%	6.1%
4	22,879 to 23,948	7.1%	6.8%
5	23,949 to 28,223	7.1%	7.7%
6	28,224 to 29,179	9.3%	8.8%
7	29,180 to 43,805	9.3%	9.8%
8	43,806 to 49,245	9.3%	10.0%
9	49,246 to 56,163	12.5%	11.6%
10	56,164 to 72,030	12.5%	12.5%
11	72,031 and above	13.5% or 14.5%	13.5%
	Expected yield	9.8%	9.8%

Source: DHSC

3.253 The second stage of the changes was originally intended to be implemented on 1 April 2023, but DHSC said that implementation has been delayed following consultation.<sup>37</sup> DHSC are also consulting on increasing the contribution thresholds by 5%, following announcement of the AfC pay award in England.

**Table 3.20: Proposed NHS Pension Scheme employee contributions structure, 2023**

Tier	Pensionable earnings £	Rate from 1 April 2023	Previously planned rate from 1 April 2023
1	Up to £13,246	5.1%	5.2%
2	13,247 to 17,673	5.7%	6.5%
3	17,674 to 24,022	6.1%	6.5%
4	24,023 to 25,146	6.8%	6.5%
5	25,147 to 29,634	7.7%	8.3%
6	29,635 to 30,638	8.8%	8.3%
7	30,639 to 45,995	9.8%	9.8%
8	45,996 to 51,707	10.0%	10.7%
9	51,708 to 58,971	11.6%	10.7%
10	58,972 to 75,632	12.5%	12.5%
11	75,633 and above	13.5%	12.5%
	Expected yield	9.8%	9.8%

Source: DHSC

<sup>37</sup> <https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-uplift-to-member-contribution-thresholds-for-2023-to-2024/nhs-pension-scheme-proposed-uplift-to-member-contribution-thresholds-for-2023-to-2024#:~:text=This%20consultation%20sets%20out%20proposals,England%20for%202023%20to%202024.>

## Our assessment of pensions

- 3.254 The NHS total reward package remains a key benefit of working in the NHS. The annual leave allowance, sick pay provisions and pension structure remain generous. However, in the face of cost-of-living pressures, potential and current employees may look to take up employment outside of the NHS as base pay becomes increasingly important.
- 3.255 NHSE launched the Pensions Response project to identify how the pension scheme could better support the attraction, recruitment, retention and return of NHS staff. Since Autumn 2021, over 300 staff pension seminars and pension masterclasses have been offered to over 10,000 staff. Although we note the progress made, the scheme has over 1.7 million members and NHSE needs rapidly to develop their pension scheme communications infrastructure to ensure staff right across the service are able to understand the value of their pension benefits.
- 3.256 Increased flexibility in the pension scheme would encourage staff to remain in the scheme and most crucially the NHS. We note that DHSC and NHSE are working together to reform the pension and ensure the NHS Pension Scheme is in the best position to attract, retain and encourage staff to return to the NHS. Changes recently consulted on include increasing flexibility to allow partial retirement.
- 3.257 We heard from NHS leaders that going further and introducing flexibilities such as allowing flex in the accrual and contributions to the pension scheme would give the opportunity to staff to reduce their pension contributions whilst remaining as a member of the scheme.
- 3.258 The first stage of a two-stage change to NHS Pension Scheme contribution rates took place in October 2022. The changes to rates are intended to narrow the range in contributions paid by the lowest and highest paid staff. The second stage of the changes was originally intended to be implemented on 1 April 2023, but implementation has been delayed. In general, contributions have increased at the bottom end of the structure and decreased at the top. We agree with DHSC's assessment that the change to the structure in itself will not be a driver in staff leaving the scheme.
- 3.259 We are aware that last year's pay award meant some staff went up a pension contribution tier and so their take home pay was affected by the increased percentage contribution to the pension scheme. This issue was particularly acute at Band 8a. This was compounded by the timing of the award. The pay award was paid to staff six months after the annual pay date and led to some staff having to pay additional contributions into the pension scheme. We understand that looking forward, pension contribution tiers will be uplifted in line with annual pay awards<sup>38</sup>.

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<sup>38</sup> <https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-uplifts-to-the-member-contribution-tier-thresholds/nhs-pension-scheme-proposed-uplifts-to-the-member-contribution-tier-thresholds-from-1-october-2022#:~:text=The%20member%20contribution%20structure%20will%20be%20annually%20uplifted%20by%20the,England%20working%20on%20AfC%20conditions.>

## Chapter 4: Conclusion

4.1 The Secretary of State for Health and Social Care, the Permanent Secretary of the Department of Health Northern Ireland, and the Minister for Health and Social Services in Wales asked us in their respective remit letters to make a recommendation for a pay award for AfC staff for 2023/24. In May 2023, the NHS Staff Council accepted a deal from the UK Government for England and NHS Trade Unions in Wales accepted a deal from the Welsh Government and the respective governments for England, Northern Ireland and Wales then asked for observations only on AfC pay in 2023/24 rather than a recommendation. In this chapter, we therefore set out our assessment of AfC pay for 2023/24 in England, Northern Ireland and Wales, reflecting the evidence we received during the 2023/24 pay review round. We make these observations having regard to our standing terms of reference:

- the need to recruit, retain and motivate suitably able and qualified staff;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the funds available to the Health Departments as set out in the Government's Departmental Expenditure Limits;
- the Government's inflation target;
- the principle of equal pay for work of equal value in the NHS;
- of the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved; and
- the Review Body may also be asked to consider other specific issues.

### Evidence to the NHSPRB

4.2 The Department of Health and Social Care told us that through the current financial settlement provided by HMT to the department, and reprioritisation decisions, funding was available for pay awards up to 3.5%. They told us pay awards above this level would require trade-offs for public service delivery or further government borrowing at a time when headroom against fiscal rules is historically low and sustainable public finances are vital in the fight against inflation.

4.3 The Welsh Government told us they would welcome a fair and competitive pay award. However, their budget for 2023/24 was very pressured. They were not in favour of targeting pay towards different staff groups or different geographical areas and, where possible, they wish to maintain pay parity with other nations.

- 4.4 Despite the affordability evidence described above, the UK Government and the Welsh Government subsequently made higher pay offers to Trade Unions representing AfC staff in England and Wales. In England, DHSC committed to begin talks with the RCN on the same day as they provided us with their evidence, including that on affordability. Affordability is a key element of our Terms of Reference and evidence on affordability from governments plays an important role in our considerations, therefore affordability evidence should be consistent and reliable. In making our commentary we have taken the higher figures to be a more complete picture of the sums available to DHSC for AfC pay.
- 4.5 The Department of Health Northern Ireland told us there was currently no funding for a pay award and they would have to bid for funding from the Department of Finance. Any Pay Remit submitted to Department of Finance for consideration must be accompanied by an assurance and confirmation from the departmental Permanent Secretary that, as Accounting Officer for the Department, they are content that the pay award proposed in the remit is affordable within their Department's budget.
- 4.6 NHSE told us that pay and reward was now the second most common reason amongst staff for leaving the NHS. For 2023/24, they said a 3% pay award was in budgets. They said pay awards need to be fully funded so NHS leaders can employ the staff they need to deliver the mandated level of activity and investment in services for the benefit of patients. Any additional award would have to be funded through re-prioritisation of existing funding commitments. However, NHSE were clear that to increase productivity and modernise the service it was not sustainable to keep re-allocating funding.
- 4.7 NHS Providers told us that, in Autumn 2022, respondents to their pay survey were clear that as a minimum, AfC staff should be awarded a 5% uplift in 2023/24, with only one respondent supporting an award below this figure. 35% of respondents supported an uplift of between 6-9%, while 19% supported an uplift of 10% or more.
- 4.8 NHS Employers told us that they supported investment in the pay system, namely: creating and retaining a sustainable market position for entry level roles; developing a pay spine with more appropriate increments between the pay bands; and better support for future pay and earnings progression.
- 4.9 The Royal College of Midwives told us they supported an inflation-beating increase to ensure that midwives can cope with the rising cost of living and the increases to pension contributions, and to underpin patient safety and care. They also asked for a commitment that the value of NHS pay scales will be restored over a clear timetable, and that the 2023 pay rise should provide a significant down payment to that restoration. They also said that they supported the bottom of the AfC structure being benchmarked against the Living Wage Foundation's Real Living Wage.

- 4.10 The Society of Radiographers told us they supported a significant, above inflation pay award for 2023 for all AfC grade staff at all grades, as well as a Government commitment to a longer-term programme of guaranteed, above-inflation pay awards until the erosion of the value of NHS AfC grade pay since 2010 has been redressed.

### **Our observations on AfC pay in the NHS**

- 4.11 Our health and care systems continue to face both immediate and long-term challenges. Our aging population has a direct impact on the volume and complexity of demand, and there is a long and growing waiting list for elective care alongside sustained and exceptional demand across primary, emergency and social care. There is no doubt that these factors are affecting the ability of both the NHS and the care system to deliver services for patients and the working experience of staff.
- 4.12 Growing demand and waiting lists mean patients are waiting longer for treatment, impacting on both the short- and long-term health of the population. Longer waits mean deteriorating health and more severe illness, with patients waiting in pain for operations and cancers being diagnosed later<sup>39</sup>. One specific study found longer waiting times for mental health treatment is significantly associated with a deterioration in patient outcomes<sup>40</sup>. Although there are ambitions to improve productivity through new ways of working and systems investment these are yet to be realised, and productivity growth is lower than pre-pandemic.
- 4.13 Despite increases to the total number of staff employed in the NHS, there are insufficient suitably trained staff in the service to meet the increasing demand. All parties told us that one of the most significant challenges which they are dealing with is that of staff shortages. As set out in Figure 3.24, there has been a persistently high vacancy rate across AfC roles as a whole. Evidence shows that the high vacancy rate and staff shortages increase pressure on existing staff, can compromise patient safety, and will make careers less attractive to potential entrants. A high vacancy rate is also costly, with increasing agency spend across 2021/22 in England, Wales and Northern Ireland.
- 4.14 We heard from NHS Trust Chief Executives that their ability to deliver the transformational change needed to improve productivity was impeded by the need to “fire fight” constantly because of staff shortages.

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<sup>39</sup> <https://www.kingsfund.org.uk/projects/positions/nhs-waiting-times>

<sup>40</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6221005/>

- 4.15 To combat shortages of nursing staff in the short term, and to meet the 50,000 more nurses target, the NHS in England has significantly increased its recruitment from overseas. As set out at 3.180, almost all of the progress made towards meeting the nursing target has been the result of international recruitment, with a very small contribution from domestic recruitment and a loss from an increased leaver rate. Wales and Northern Ireland have also developed international recruitment approaches to address shortfalls in domestic supply of registered nurses. Given the significant number of international recruits, the NHS must continue to support staff recruited from overseas into the NHS and local communities to thrive in their NHS careers.
- 4.16 Despite the success of international recruitment, we are concerned about its sustainability. There are shortages across the global healthcare market and the NHS will be competing with other developed countries who often are perceived to offer internationally recruited staff better reward packages with higher base pay. The NHS will need to respond to these challenges. We also note the importance all parties place on ethical international recruitment and are concerned to see a continued increase in recruitment from countries, such as Nigeria, Ghana and Nepal, where the WHO and the UK Government say there should be no active recruitment.
- 4.17 In our previous reports, we have been encouraged by the increase in numbers of students in UK universities in 2020, 2021 and 2022 in training for key roles, because a sustained increase to domestically trained recruits would improve shortages and vacancies in the medium-term. We are now concerned that this increase was temporary and will not create the sustained pipeline of new recruits. The latest UCAS data shows a fall in applicants to nursing and midwifery courses and to subjects allied to medicine. In comparison to January 2022, in January 2023 the number of applicants to nursing had fallen by 19%, the number of applicants to midwifery courses had fallen by 22%, while the number of applicants across all subjects had fallen by 2%. Furthermore, we are particularly concerned to see Northern Ireland have announced plans to cut the number of nursing training places by 23%, putting further strain on the domestic supply of nursing staff.
- 4.18 Given the need for more staff and the challenges with the pipeline of pre-registration entrants, retention of existing staff is critical. We were clear in last year's report that poor staff engagement could be taken as a precursor for retention difficulties, and, since the submission of our last report, the NHS has seen increased leaver rates across almost all staff groups. The 2022 Staff Survey results for England were as bad as the 2021 results and are still significantly worse than results seen in 2019, prior to the COVID-19 pandemic. Satisfaction with pay saw a further decline to only 25%. This is down from 37% in 2019. Furthermore, NHSE told us that for one group of leavers pay and reward was one of the top five reasons given for leaving the service<sup>41</sup>. The recent industrial action seen in the NHS demonstrates these concerns about morale and motivation and about satisfaction with pay.

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<sup>41</sup> <https://www.england.nhs.uk/publication/nhs-england-submission-to-the-nhs-pay-review-body-23-24/>

- 4.19 Rates of sickness absence are an indicator of staff engagement and both the mental and physical health of the NHS workforce and we note there was a sustained increase in sickness absence rates in 2022. In comparison to before the COVID-19 pandemic, average sickness absence rates are now 1.3 and 1.6 percentage points higher in England and Wales respectively. Combined with widespread staff shortages, a high vacancy rate and a high leaver rate, this is of huge concern.
- 4.20 A combination of reduced applicants to training and an increase in leaving rates from AfC roles creates a substantial risk that the workforce shortages in the NHS will get worse. Without a sustained increase in the number of suitably qualified people both attracted to join and remain within the NHS, waiting lists will worsen, the safety of staff and patients will be put at risk and the number of short-term and long-term sick in the population will increase.
- 4.21 In the long term, the UK Government have confirmed they will deliver an independent assessment of workforce needs across the NHS in England over the next five, ten and 15 years. In addition, the Welsh Government have published a National Workforce Implementation Plan in response to the additional demands on the workforce. We support and welcome the development of both workforce plans and view them as one critical step towards reducing staff shortages in the long term; however, they will have limited impact in the short and medium term. Our assessment is made on the basis of the short, medium and long-term outlook for our terms of reference.
- 4.22 The wider labour market remains tight, and an important contributing factor has been the growth in the number of economically inactive people since the beginning of the pandemic. Much of the growth in the economically inactive population is due to a rise in long term sickness, with 28% of economically inactive people saying their inactivity was because of a long-term illness in November 2022 – January 2023<sup>42</sup>. The Bank of England have said that delays in treatment are likely to have played a significant role in this.<sup>43</sup>
- 4.23 A tight labour market and inflation rates that have recently been high and remain so are strengthening underlying nominal wage growth, which is higher than before the pandemic. Regular pay growth in the private sector was 7% in the three months to March 2023. Median pay settlements for the three months to March 2023 were at 6% according to XpertHR. During 2022 many employers made one-off payments and additional or interim awards which will not be reflected in the settlements data.
- 4.24 The 2018 framework agreements for AfC set out an ambition that the NHS should have a competitive market advantage in the jobs market across all AfC bands. Since the end of the 2018 framework agreement governments have made awards that differ, meaning that the value of the AfC pay points varies between countries. A combination of the subsidiary award made in Wales in 2022, and the Welsh Government policy to pay at least the real Living Wage mean that from April 2023 the value of all AfC pay points in Wales are 1.5% higher than those in England.

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<sup>42</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-9366/>

<sup>43</sup> <https://www.bankofengland.co.uk/monetary-policy-report/2023/february-2023>

- 4.25 The Department of Health Northern Ireland have said there is currently no funding available for a pay award in 2023/24. Pay offers for AfC staff in Northern Ireland which are not able to keep pace with the remainder of the UK, especially given significant vacancy rates, attrition and high agency costs there, risk significantly deteriorating the position of the NHS workforce in Northern Ireland compared to the rest of the UK.
- 4.26 As a consequence of both these developments it is possible that all four nations of the UK will have different AfC pay rates. We will monitor and assess evidence to understand the extent to which these differences have an impact on NHS staff.
- 4.27 At the lower bands, the NHS is competing with the hospitality and retail sectors for staff. Some of the largest supermarkets in the UK now offer a starting salary above £11 per hour. The NLW rose to £10.42 per hour in April 2023, which prompted DHSC and the Department of Health Northern Ireland to announce temporary increases to the lowest pay points on the AfC scale from 1 April 2023 to be legally compliant. A pattern of temporary adjustments is unsustainable and would exacerbate the already substantial recruitment and retention challenges.
- 4.28 Amongst registered professionals, there are an increasing number of opportunities with private healthcare providers as demand has rebounded to pre COVID-19 levels. Whilst rates of base pay in this sector are comparable to the NHS, work pressures are perceived to be significantly less stressful and there are perceived to be increased opportunities for flexible working than in the NHS. Growth in the life sciences and technology sectors offers further alternative employment prospects for staff in the service.
- 4.29 Flexible working is more prevalent in competitor markets than in the NHS. Flexible working is increasingly important to current and prospective employees and will attract and retain staff. Significant staff shortages can mean that the work redesign required to provide the desired flexibility is too difficult to achieve. We have seen little change in staff satisfied with their flexible working opportunities since 2018 and it is important employers look at how to offer the appropriate flexible working opportunities to staff to aid recruitment and retention.
- 4.30 We were clear in our 34th and 35th reports that the nursing and midwifery review is important and timely work as many nursing and midwifery roles have become more complex and expanded with increased autonomy and responsibility since the introduction of the AfC contract. We expect this work to be prioritised and that we will be able to comment on the outcomes of that review in next year's report, including on the resources made available to support any recommendations.



- 4.31 We are also acutely aware of the recruitment and retention challenges in the higher AfC bands. In particular, on promotion from Band 7 to Band 8a, base pay rises as little as 1.8% and staff lose their unsociable hours payments. We heard from staff that this can mean take home pay can reduce on promotion. Staff then must complete five years at Band 8a before moving up a pay point. We have heard from staff that the combination of these concerns means they do not seek promotion to Band 8a.
- 4.32 The CPI annual inflation rate was 8.7% in the 12 months to April 2023, falling below 10% for the first time since September 2022, with a peak of 11.1% in October 2022. CPI is expected to fall significantly throughout 2023 with the OBR predicting inflation will fall to 2.9% in the final quarter of 2023, although prices overall are not predicted to fall this year.
- 4.33 The Welsh Government told us they would welcome a fair and competitive pay award and the Department of Health Northern Ireland told us any pay award must be affordable within the context of the financial settlement. We note the concerns of the Welsh Government, the Department of Health Northern Ireland, NHSE, NHS Employers and NHS Providers that a settlement that is not fully funded will impact on services and the number of staff they can recruit.
- 4.34 We are aware that the fiscal position of the UK Government remains challenging and there are many competing claims on public spending. The UK Government told us that pay awards above what was affordable would require trade-offs between public service delivery and further government borrowing. They also told us that pay awards significantly above private sector settlements could contribute to a wage-price spiral and drive inflation. However, we judge that increases in AfC earnings present a lower risk to increasing the rate of inflation relative to some of the other fundamental drivers the markets have recently experienced.
- 4.35 We are conscious of the significant cost of pay rises for AfC staff and the potential that this cost may impact on service delivery or plans for service transformation. Staff shortages are currently preventing service transformation and it is not clear cut that money spent on increasing pay for individual members of staff prevents the recruitment of more staff. The wage bill is a function, amongst other things, of the numbers and cost of substantive staff and of numbers of higher cost temporary staff. As evidenced by the increase in agency spend, reduced recruitment and increased attrition adds costs to the service by increasing the costs of temporary staff. By engaging and retaining existing NHS staff and attracting new staff with the right levels of pay and working conditions, the NHS will be able to reform the service and reduce waiting lists. It will then be better able to look after our aging population and to support those with long term conditions to return to work, which will boost labour supply and, ultimately, GDP.

## Our concluding remarks

- 4.36 Following the COVID-19 pandemic, the NHS has struggled to meet its immediate challenges and demand. Waiting lists are now at an all-time high, and long waits for treatment impact negatively on the health of the population. Exceptional demand also impacts on staff health and wellbeing. These are compounded by staff shortages, high vacancy rates, increased attrition and higher sickness absence rates.
- 4.37 Staff engagement, motivation and morale have been negatively affected. The 2022 Staff Survey results are significantly worse than the results in 2019, prior to the COVID-19 pandemic. Widespread industrial action is also a symptom of a decline in morale and motivation.
- 4.38 Although we are aware the fiscal position remains challenging, it is clear there needs to be an investment in competitive pay to recruit and retain more staff, so the service is better able to deal with both delivery in the short-term and longer-term productivity improvements.
- 4.39 The Government's fiscal policy is that debt as a share of GDP should be forecast by the OBR to be falling in five years' time. An AfC pay award above the budgeted level need not lead to this target being missed. Economic inactivity levels have risen markedly since the pandemic and the Bank of England and others attribute part of this rise to increases in sickness that are a result of longer waits for NHS diagnosis and treatment. In turn, those waits are partly a consequence of NHS staff shortages, and dissatisfaction with pay is a contributory factor to these shortages. AfC pay levels that contributed to improved retention, morale, motivation and recruitment should lead to lower levels of ill-health, higher rates of labour market participation and, hence, higher national income and a greater probability that the fiscal mandate will be met.
- 4.40 HMT told us that median private sector pay settlements provide the best comparator to public sector pay settlements and that public sector awards significantly above the private sector could risk higher and more persistent inflation. Average weekly regular pay growth in the private sector was 7.0% in the three months to March 2023. The latest data shows median pay settlements in the three months to April 2023 of: 6% (XpertHR); 5.6% (IDR); and 7% (LRD).
- 4.41 We recognise there are times where an annual pay award will fail to keep pace with changing circumstances. In our 35th report, we focused on mitigating the worst of the effects of the rise in the cost of living on those on the lowest pay bands. However, we noted that labour shortages were not limited to one occupational group, and we had significant concerns about the recruitment, retention, motivation and morale at all AfC bands. We said that if the risks to retention persisted or worsened, we would be willing to support parties in an assessment of the evidence for Recruitment and Retention Premia at any stage. The existence of a pay review body process should not act to impede governments from taking action on pay where it is sensible to do so, and we are willing at any stage to make recommendations to inform such action where it would be helpful.

- 4.42 On 2 May 2023, the UK Government and the NHS Staff Council agreed on a pay deal for England for 2023/24. The deal was composed of both pay and non-pay elements. On pay, they agreed on a non-consolidated award for 2022/23 made up of two components; a 2% payment, and a further tiered cash payment equivalent to 4% of the pay bill. In total the non-consolidated payment is worth between 3.5% at the top of the scale and 8.2% at the bottom end of the scale.
- 4.43 They also agreed a 5% consolidated award for 2023/24 for all staff plus further investment to uplift the Band 1 spot rate and the entry point for Band 2 to the top of Band 2 (an increase of 10.4%). This will see entry-level pay in the NHS in England increase to £11.45 per hour.
- 4.44 On 23 May 2023, the Welsh Government and the NHS Trade Unions in Wales agreed on a pay deal for Wales for 2023/24. The deal was also composed of both pay and non-pay elements. On pay, they agreed a further non-consolidated award worth between £900 and £1190 for full-time staff and a 5% consolidated award for 2023/24. They also agreed to further investment to uplift the Band 1 spot rate and the entry point for Band 2 to the top of Band 2. This will see entry-level pay in the NHS in Wales increase to £11.62 per hour.
- 4.45 We recognise the non-consolidated award for 2022/23 is consistent with recent market practice to make one-off awards to mitigate the impact of cost-of-living challenges and will go some way to relieving the immediate cost-of-living pressures staff face, and in this context, it is important that the award is paid as quickly as possible. However, in the medium-term, and in the context of severe staffing shortages, high levels of attrition and sickness, low levels of morale and a worsening pipeline of domestic recruits, consolidated pay awards will remain crucial. It will be important that consolidated pay awards enable the NHS to be competitive in the jobs market across all AfC bands, given the extent to which the NHS competes for staff with other organisations across the wider economy. Failure at least to keep pace with pay growth more widely risks exacerbating NHS delivery challenges and the recruitment and retention difficulties described throughout this report. We note that Band 1 and Band 2 are now set at a level sufficiently above the NLW that a pattern of temporary adjustments should not be needed going forward.
- 4.46 We heard repeatedly from NHS Employers and Trusts that without additional funding to cover the 2023/24 pay uplift above previously budgeted levels there would be a detrimental and significant impact on service delivery. We note the Secretary of State has said that frontline services will not be affected as a result. Funding arrangements- including any Barnett Consequentials - have however not yet been confirmed.
- 4.47 Decisions made by Governments on pay and conditions for other parts of the NHS workforce also impact on the recruitment, retention and morale and motivation of staff working under the AfC contract.
- 4.48 There were a number of non-pay items agreed as part of the 2023/24 deal and there are further issues to be addressed to improve recruitment and retention.

- 4.49 The NHS is well placed to create attractive apprenticeships, which offer secure employment coupled with excellent training and progression opportunities. There is also a very low rate of attrition from NHS apprenticeships meaning this can make an effective contribution to helping secure the labour force of the future. Since their introduction, there has been no agreed national pay rate for apprenticeships. We recommend this is addressed to give the NHS the ability to compete in the wider labour market.
- 4.50 Flexible working is increasingly important to current and prospective employees and will help to attract and retain staff. Despite the introduction of new flexible working policies, we have seen little change in the percentage of staff satisfied with their flexible working opportunities since 2018. We recommend the NHS Staff Council works with employers to ensure managers across the service have the support, education and systems to be able to offer the appropriate solutions for staff and the NHS.
- 4.51 We recommend that the nursing and midwifery banding review is completed as soon as possible and that the funding required for any outcomes is planned and budgeted for in the 2024/25 financial year. All parties have set out an appetite to invest in job evaluation expertise at a local level and it will be important that there is also an appetite to invest in job design and in pay where a job weight has changed.
- 4.52 We noted in evidence from DHSC that 25% of AfC staff who had been employed in the NHS throughout the period from 2012 to 2020 saw an increase in earnings of no more than 17%. This is compared to a mean of 40% for all AfC staff who had been in NHS employment across the same time period. It is reasonable to assume the vast majority of this group will have been at the top of their pay band for much of this time and so will be highly experienced staff. It is critical that this group are retained in the NHS. Therefore, we recommend that the parties consider how the AfC pay system effectively values expertise developed over time.
- 4.53 The AfC pay spine currently can act as a disincentive to promotion. Within bands, the pay uplifts range between 5.2% and 16.2%; however, between bands, pay uplifts range between 1.8% and 3.6%. Having substantially smaller uplifts between bands acts as a disincentive for many staff considering promotion opportunities. This is a particular issue on promotion from Band 7 to Band 8a, where the pay uplift can be as little as 1.8%, and staff lose their additional payments. We recommend the UK Government and the NHS Staff Council consider how the pay spine could be modified to help overcome these issues, such as more flexible pay on promotion or reducing the gap between the bottom of bands and the next pay point.

- 4.54 The NHS total reward package remains a key benefit of working in the NHS. The pension, in particular, is an important part of that package. However, we heard evidence this year that staff were considering leaving the pension scheme given the need for higher take home pay to meet the cost-of-living pressures facing staff; this is particularly acute at the lower bands. We recommend that pensions communications are a continued area of focus so that all staff are aware of the value of their NHS pension. We recommend the Government looks at the introduction of further flexibilities which might allow staff to reduce their pension contributions (and associated benefits) whilst retaining the value of being a member of the scheme.

## Annex A – Evidence from parties

### His Majesty's Treasury

1. HMT told us PRBs should consider 2023-24 pay awards in relation to those in the private sector, which they noted at the time were 4% on average in the first quarter of 2022-23.
2. HMT recognised the positive recruitment and retention trends seen throughout the pandemic were starting to unwind. They said that where there are acute recruitment and retention issues, pay awards should be targeted to those areas of challenge.
3. They expected unemployment to rise from 3.7% in the latest data to 4.9% in 2023-24. They said that the public sector will likely continue to provide greater job security than the private sector and the slowing of the labour market will contribute to normalisation of nominal pay growth.
4. They emphasised the importance of the inflation target and that bringing inflation under control was the number one priority for Government. At the time, they expected inflation to fall to 5.5% on average across 2023/24.
5. They noted that pay must be funded from existing budgets as additional borrowing adds to inflationary pressures. They also were concerned about a wage-price spiral, citing the Bank for International Settlements who write that the risk of a “wage-price spiral...should not be underestimated.’

### NHS England

6. NHSE said pay was impacting on employment decisions. For example, staff are reducing their hours to manage childcare and the increase in the cost of living is driving decisions about where staff work and membership of the pension scheme.
7. The total NHS pay bill accounts for £70 billion, around 65% of employers' expenditure. Every 1% pay award, across the system, totals £1 billion. This includes those directly employed by the Trusts and the additional costs incurred through commissioning services from third sector organisations.
8. The NHS Pension Scheme has over 1.7 million members, who pay on average 9.8% in employee contributions; the employer contribution rate is 20.6%. Through focus groups and surveys, NHSE have identified staff understood it is a good scheme but were less clear about why and how it works, and they did not fully appreciate how competitive it is and its value to them and their loved ones.
9. NHSE are seeing increased numbers of staff leave the pension scheme. Band 5 staff are currently leaving at the highest rate. NHSE said pensions need to be more flexible so the package is affordable. They have an ambition that there should be points in a career where staff have pension check-ins, it is evidence based as to where these are best placed.

10. They told us RRP's were available to employers at a local level. Implementing an RRP at a national level would be challenging – there is a drop in morale and a consequential impact on recruitment when national RRP's are removed.
11. They told us there was evidence to demonstrate a relationship between staff engagement and patient care. Staff engagement had declined in the most recent annual Staff Survey and subsequent quarterly surveys which represents a risk to patient care. There is also anecdotal evidence that discretionary effort is withdrawn when there is a fall in morale.
12. NHSE said the nursing vacancy rate is above 11% and leaver rates are now higher than they were pre-pandemic (7.6% in August 2022 compared to 6.8% in August 2019. Between October 2019 and October 2022, substantive midwifery vacancies increased by 1,975 FTE to 2,852 FTE, a vacancy rate increase of 3.8% to 10.9%. This has been driven predominately by the increase in the number of midwifery posts being established following the Ockenden review recommendations in Spring 2021).
13. Pay and reward now appear in the top 5 reasons for leaving. Growth in the workforce does not match demand for care or current vacancies, and there is substantial uncertainty around nurse retention as leaver rates are at a historical high.
14. They said the size of the workforce gap poses a significant operational challenge to NHS providers, particularly those with especially high vacancy rates. They said the REAL Centre reported the UK is below the OECD average for the number of practicing nurses.
15. Increasing demand and vacancies are driving the increased use of temporary staffing (both agency and bank) and agency costs totalled £2.9 billion in 2021/22. Their aim is to increase the substantive workforce by bearing down on expensive agency costs.
16. NHSE are still focussed on delivering their People Promise: to have more people, working differently, in a compassionate and inclusive way.

## **Health Education England**

17. HEE told us that staff leaving the service leads to more stress on the staff that remain, which impacts on their morale, their ability to provide a quality service, and their desire to remain in the service. This is a vicious cycle which means the service is unable to meet the needs of the population. Staff feel moral injury from being unable to provide the level of care that they would like.
18. HEE said external commentators have estimated that there are 700,000 – 800,000 people out of the workforce due to ill health, a much higher level than other countries. Having the capacity in the NHS to treat these people is good for the economy and productivity as it expands the size of the available workforce.

19. HEE said there are three types of student attrition: course leavers (reduced from 16-17% to 13-14%), those who take longer than anticipated to complete their course (increased from 4% to 6%) and registered students who are not engaging in their course (5,500 students across the last five years). There are also 4,200 new graduates from the 2022 cohort who are on the NMC register, but not working in the NHS.
20. HEE said apprenticeships are really popular and interest is sufficient to be able to take on twice the number of apprentices. However, the apprentice levy is seen as too inflexible. HEE also believe there should be a national rate for apprentice pay.

## **NHS Employers**

21. NHS Employers said investment in staff numbers has not kept pace with population need. For the NHS to fully recover long-term from the pandemic, tackle the waits for treatments for patients, and support its staff, it will need the government to provide the necessary investment for an ambitious and sustainable long-term plan for the workforce.
22. The newly statutorily established ICBs and ICPs present a real opportunity to improve the health of the population through an approach which is focused on all the factors that promote health. There is real alignment between the NHS organisations that employ most of the people working in the NHS and the systems in which they are key partners.
23. Employers support sustained investment in the pay system namely: create and retain a sustainable market position for entry level roles; develop a sustainable plan for more appropriate increments between the pay bands and better support for future pay and earnings progression, that is short of additional responsibilities (and pay) shouldered on promotion.
24. They were clear that any pay award must be fully funded. They said it is a false economy to suggest anything above the affordability figure is not affordable given the knock on costs of high vacancy and turnover rates. If the pay award was not fully funded, NHS Employers said they would recruit fewer staff and work them harder.
25. There is a pressing need for new flexibilities in the pension scheme, with a particular focus on lower earners, to support access and continued scheme membership.
26. At Bands 2-4, they said high value is being placed on take home pay, which currently falls below other rates at this level in the market. Many employers have committed to paying the Real Living Wage, others have placed new starters on higher pay points, offered golden hellos and committed to a job evaluation.
27. At bands 5-7, pay levels need to be set at a rate that is sufficiently attractive. Employers have set up various initiatives to support at this level: making good use of nursing apprenticeships, introducing work based educational programmes and promoting flexible retirement options.



28. At bands 8 and 9, employers are concerned that a cumulation of circumstances and decisions have resulted in staff feeling under-valued which in turn could impact on retention.
29. They also said there needs to be additional investment in the pay spine to increase the entry point and increase the gaps between the pay bands to incentivise promotion.
30. They said the interplay between operational pressures and pay is complex. There are an increased number of staff looking at alternative employment options and low pay combined with pressures makes it easier for staff to step out into other roles.
31. The nurse and midwifery banding review is progressing through the NHS Staff Council. At the time, they had established two task and finish groups who were analysing the evidence.
32. NHS Employers said the industrial action added significant pressure to the service and they were keen for the earliest possible resolution.

### **Welsh Government**

33. As of August 2022, the NHS in Wales directly employed 104,379 staff across seven health boards and three NHS Trusts. They have set up an NHS Executive as part of making the health system fit for the future. Its key purpose will be to drive improvements in the quality and safety of care – resulting in better and more equitable outcomes, access and patient experience, reduced variation, and improvements in population health.
34. Core NHS funding represents the Welsh Government’s largest single budget and contains the core funding for the Welsh health boards and NHS Trusts. At the time, the draft budget for Health and Social Services in 2023/24 was £10.97 billion, from a total Welsh budget of £25.72 billion. The budget provides a net increase for core NHS services of £407 million in 2023/24 and £204 million in 2024/25.
35. The Welsh Government said they would welcome a fair and competitive pay award. However, their budget for next year was very pressured. They were not in favour of targeting pay towards different staff groups or different geographical areas and where possible, they wish to maintain pay parity with other nations.
36. At the end of September 2022, there were nearly 755,000 open patient pathways waiting for appointments/treatment, the highest ever recorded. Of these, 181,500 were waiting over 52 weeks and 57,200 were waiting over two years. 26 week performance was at 54.8%.
37. Staff turnover for all staff groups was 8.3% in July 2022, which was down from a peak of 9.3% in March 2022.
38. NHS Wales are learning lessons from the NHS England Staff Survey and were due to launch their survey in March 2023.

39. They are concerned that the pay of AfC banding has been compressed, impacting on interest in promotion. They said the AfC banding system needs to be considered by the NHS Staff Council and given the importance of overseas recruitment, pay needs to be attractive in a global context.
40. Total agency spend increased to £271 million in 2021/22, up from £201 million in 2020/21. They are developing an implementation plan that will aim to address the immediate challenges facing the workforce, whilst also focussing on the medium and longer term planning that is required to deliver a sustainable workforce for the future. The programme will:
  - a. Encourage return of people to the NHS labour market so improving regular workforce supply and quality and consistency of care to patients;
  - b. Increasing the equity and transparency of reward systems and reduction of internal wage competition across the NHS in Wales; and
  - c. Ensure the value for money of spend on the additional workforce hours, by reducing the overall spend on agency staff whilst they focus on the underlying causes.

### **Department of Health, Northern Ireland**

41. The public sector workforce in NI makes up 27.6% of all employee jobs; a significantly higher share compared to 17.6% for the UK as a whole.
42. With regards to affordability, NI said that awards must be affordable in the context of each Department's Budget settlement for this year. Any Pay Remit submitted to DoF for consideration must be accompanied by an assurance and confirmation from the departmental Permanent Secretary that as Accounting Officer for the Department, they are content that the pay award proposed in the remit is affordable within their Department's budget.
43. NI has some of the longest waiting times of all the regions in the UK. The Department's clear aim is that, by March 2026, no-one should wait more than 52 weeks for a first outpatient appointment and inpatient/day case treatment; or 26 weeks for a diagnostics appointment.
44. Their elective framework includes 14 actions for workforce improvements including the development of robust workforce plans and the continuation of international recruitment. Progress has been hampered by the continuing pressure on the service and uncertainty around funding.
45. Year on year, agency costs were up 13.5% in 2021/22 to £320.4m from £282.2m in 2020/21. Since 2017/18, agency costs have risen 105%. They expected a new procurement framework, setting new rates, to be in place from January 2023.

46. The Department fully recognised the spend is not sustainable and are taking steps to address it. These include re-procuring the contract agency frameworks and a ban on using off contract agencies. They are also committed to sustained investment in growing the local nursing and midwifery workforce to meet ever increasing demands, for example, this year they have maintained pre-registration nursing and midwifery training places at the record high level, (1,335).
47. All Trusts participate in both local and regional recruitment, as well as working collaboratively on international recruitment campaigns for nurses and doctors. The difference in pay in NI has been highlighted as a disincentive for nurses and/or midwives taking up employment in NI from England – even where the candidates are originally from NI.
48. They recognise that the regional recruitment process is lengthy and are looking to reduce the time taken to recruit to vacancies.

### **Society of Radiographers**

49. The Society of Radiographers said that 90% of NHS patients will now interact with a diagnostic radiographer during their treatment pathway and the NHS operational planning guidance for 2023/24 requires a 25% increase in diagnostic capacity.
50. Ensuring there is a sufficient gap between pay bands to encourage promotion is of concern to SoR. They said an increase in pay is critical to support staff considering advancing into a professional role.
51. They believe there is enormous potential to grow the support workforce. However, vacancy rates for Assistant Practitioners are 17% and 10% for Imaging Support Workers.
52. SoR accepts and calls for a long-term funded plan for above inflation pay awards mapped against independently audited, credible workforce planning data. They believe the PRB should signal support for this principle.
53. They believe that whilst the number of NHS radiographers has grown as a whole since 2014, the number of radiographers in post at or above Band 8b remained static, and so has fallen as a percentage of the radiographic workforce as a whole.
54. Their Managers Members' Survey found that only 54% of managers had been in their post for 3 years or more, suggesting high turnover.
55. The latest data at the time from the NHS Imaging Board shows that in 2021-22, the NHS spent almost £136 million on agency and bank pay for imaging service. This is equivalent to 13.4% of the total substantive pay bill for all imaging services. They believe trusts should be able to use the money allocated for agency spend for recruitment and retention payments.

## Royal College of Midwives

56. The Royal College of Midwives said the direct and indirect impacts of the midwifery workforce crisis have been starkly illustrated in last year's publication of the Ockenden Review of maternity services at the Shrewsbury and Telford Hospital NHS Trust, and the Kirkup report on East Kent. Both found serious shortcomings in clinical safety resulting in terrible loss and trauma for many families. While these events were multi-factorial, staffing shortages were implicated in or exacerbated by many of them. The Ockenden Review echoed the Health and Social Care Select Committee in recommending that the Government takes urgent action to increase the maternity workforce to deliver safe maternity care.
57. They said improved pay is never the whole answer, but it is inescapably critical to building back our NHS.
58. They said that whilst the Government has acted to increase student midwife recruitment, they cannot keep them in service: 2022 saw a real fall in midwifery numbers from the previous year. From October 2021 to October 2022, the number of full time equivalent midwives fell by nearly 200.
59. They said the staffing shortages in maternity are particularly chronic. They said this is evident in the percentage fall of midwives in the wider NHS workforce over the last decade: in November 2013 midwives made up 2.17% of the total NHS workforce, while in November 2022 they made up just 1.77%.
60. Between December 2022 and January 2023, the RCM conducted a survey of Heads of Midwifery (HoMs) and Directors of Midwifery (DoMs) across the UK. They received responses from 87 individual HoMs/DoMs across the UK representing 49% of NHS trusts and health boards. Nearly three out of every four HoMs (72%) said they were finding it either difficult or very difficult to recruit to vacancies in their units, compared to 33% in the previous year.
61. 54% of HoMs said their unit relies upon significant levels of goodwill from midwives and MSWs to deliver safe care, with an additional 40% saying they rely on moderate levels of goodwill and 95% of all HoMs in the UK use bank or agency staff regularly.
62. A survey conducted by the National Childbirth Trust of 1,254 people who had given birth between August 2021 and July 2022 found that more than half (51%) of respondents had experienced at least one NICE-identified 'red flag event'. Around one in three had experienced delays in seeing a midwife, being given pain relief, getting a prescription or being referred.

## Department of Health and Social Care

63. Recruitment and retention are not only crucial to meeting objectives like elective recovery but for safeguarding staff health, wellbeing and morale and avoiding burnout. It is important to recognise the great strain COVID-19 has placed on the health and social care workforce, and the exceptional response of those working in health and social care throughout this period. The government recognised that staff are also motivated by their workplace environment and culture, championing inclusion, diversity and prioritising health and wellbeing.
64. DHSC said that since last year, the context in which the NHS operates has been rapidly changing. The prolonged impact of COVID-19 has been significantly higher than assumed in SR21, with more COVID-19 patients occupying beds in 2022 than in 2021 or 2020.
65. This combined with high inflation, and last year's pay award being significantly above affordability means NHSE is undergoing significant reprioritisation.
66. Meeting the 2022/23 recommendations had a significant impact on the NHS budget. Each 1% for the whole HCHS workforce cost around £900 million for 2022 to 2023. Therefore, accepting the recommendations necessitated some tough decisions, including the review of investment in transformation programmes such as reductions to IT transformation funding.
67. Through the current financial settlement provided by HMT to the department and reprioritisation decisions, funding was available for pay awards up to 3.5%. Pay awards above this level would require trade-offs for public service delivery or further government borrowing at a time where headroom against fiscal rules is historically low and sustainable public finances are vital in the fight against inflation.
68. It is essential that during this challenging fiscal and economic climate, pay remains fair but affordable. They urged the PRB to carefully consider the importance balance between ensuring that existing funding can be used to deliver essential services, prioritising key commitments to improve care, and fairly rewarding staff.
69. Despite the continuing best efforts of the NHS, many improvements between 2019 to 2020 and 2020 to 2021 in core waiting time and access targets were reversed during 2021 to 2022, or continued to deteriorate. These included A&E, referral to treatment, cancer treatment, diagnostic tests and ambulance response standards. There were improvements in recovering elective services with activity increasing throughout 2021 to 2022, although it generally remained lower than pre-COVID-19 levels.
70. They said demand for non-elective care has returned to levels seen before the COVID-19 demand spike (however their latest data is from 2021/22).
71. They acknowledged the workforce remains under pressure and there are high levels of vacancies and leaver rates have increased since April 2021.

72. Last year's pay award resulted in compression of the pay bands which may have a potential impact on promotion incentives and additional complexities particularly where there is an interaction with the unsocial hours premia. With a given budget, it is limited how pay could help recruit, retain and motivate staff across the rest of the workforce.
73. When making recommendations, DHSC asked the PRB to consider: the pattern of recruitment and retention issues across both the NHS and the wider labour market and where pay can most effectively be deployed to address these problems; how much more for one part of the workforce means less for other parts of the workforce or other priorities for the NHS budget; and the impact any targeting of pay has on the smooth functioning and incentives associated with the pay scale.
74. DHSC do not believe HCAS reform is a pressing issue. They think any decisions on this should be centred around the NHSPRB decision frameworks such as recruitment, retention and motivation.
75. They said the relative position of NHS staff groups within the overall income distribution has been maintained and say earnings growth will fall to 3.5 percent as the labour market loosens.
76. Key findings in the distribution of new joiners include:
- a. Most staff are recruited at either Band 2 or Band 5;
  - b. Females are more likely to be employed at Band 5 (which may reflect the increase in the nursing workforce);
  - c. At bands 2 to 4 males are more likely than females to be recruited and white staff are more likely than BME staff;
  - d. Males are slightly more likely to be recruited at band 8a and above, however this makes up a very small proportion of new joiners;
  - e. Large numbers of BME staff are recruited at band 5 but fewer in more senior bands.
77. Key findings on the distribution of promotion include:
- f. Across most bands' white females are slightly less likely to achieve promotion than white males;
  - g. At bands 3 to 4, BME staff are more likely to see promotion than white staff. In the case of staff at band 4 this may include staff moving to professionally qualified roles from support roles.

### **NHS Providers**

78. NHS Providers told us the 2023/24 pay round commenced against the backdrop of what is likely to be the most widespread industrial action in the NHS' history, in response to the 2022/23 award and increasing pressures on staff.

79. They told us that any unfunded pay rise would have a significant impact on service delivery. Funding a 1% rise equates to approximately 700,000 surgical procedures. They specifically asked the PRB to recommend that Governments fully fund any award including referencing NHS staff on local authority contracts.
80. 67% of HR directors responding to their pay survey favour a percentage uplift over a lump sum pay award, but there is support for the principle of the progressive nature of the 2022/23 award in its targeting towards lower paid staff. In oral evidence, NHS Providers told us employers can recruit at Band 2, but their ability to retain these staff is significantly worse. They added that there was a general consensus that Band 2 should reflect the Real Living Wage rather than the National Minimum Wage.
81. Respondents to their pay survey are clear that as a minimum, AfC staff should be awarded a 5% uplift in 2023/24, with only one respondent supporting an award below this figure. 35% of respondents supported an uplift of between 6-9%, while 19% supported an uplift of 10% or more. At the time of their last survey in December 2021, 28% of respondents supported an uplift of 5% or more, compared to 83% this year – an increase of 55%.
82. 96% of respondents agreed that increased pension flexibilities for all staff are very important (74%) or important (22%). 92% of respondents further agreed that government reform of pension taxation regulations is also very important (73%) or important (19%).
83. They told us reduced morale correlates with performance levels across individual trusts. The pressure in the service is overlaid with the pressure staff are facing themselves in the face of inflation. They added that responding positively to flexible working requests could only be achieved if there was a degree of “over staffing.”
84. They said that the loss of overtime and unsocial hours payments meant staff were very reluctant to move from grade 7 to 8a. This was made worse by having to wait 5 years for an increment at grade 8a.
85. They also told us there is an issue with the physical environment. They said it is absolutely critical that there is capital investment in the estate. There is a £10 billion estate backlog which has a massive impact on the environment in which staff work. Working in an environment that is not fit for purpose undermines morale, productivity and pay.
86. They continue to reject the narrative of a ‘direct trade off’ between increased pay and more staff. These are interdependent factors, as fair pay helps to attract high quality staff and support their retention.

## Annex B – Forward Look

### Introduction

We are very grateful to all the parties who provide evidence to us. In this appendix, we aim to give parties, and the remit group more generally, some indication of areas that are likely to be of continuing interest to us in future pay rounds. We also welcome information and evidence on other areas which are important to the parties and the remit group.

### Evidence requirements

- **Agency spend** – agency spend and details on programmes aimed at reducing the spend.
- **Apprenticeships** – how barriers to apprenticeship opportunities could be overcome.
- **Equalities** – plans and progress in this important area.
- **Flexible working** – how the flexible working policy could be applied across the system and, in particular, in clinical settings.
- **Learning and Development** – funding for staff learning and development.
- **Leaver data** – more comprehensive leaver data which includes the reasons for staff leaving the service and where people are moving to including other parts of the NHS, system, social care and private health providers.
- **National Living Wage (NLW)** – the relationship between the NLW and the pay at Band 1 and 2.
- **Nursing and midwifery review** – the outcomes of the review and how the outcomes will be funded.
- **Pension communications** – how pension communications can be expanded and improved to reach significantly more staff.
- **Pension flexibilities** – how further flexibilities could be implemented to allow staff to reduce their contributions whilst retaining the value of being a member of the scheme.
- **Regional pay** - whether the differences in pay between UK countries has an impact on the extent to which NHS staff move in response to higher rates of pay being available in different parts of the UK.
- **Staff survey data** – staff survey data across Wales and Northern Ireland.
- **Valuing expertise** – effective ways to value expertise across the AfC workforce.
- **Vacancy data** – more granular data on the vacancies within professions across the AfC contract.
- **Workforce Planning** – views on workforce plans across England, Wales and Northern Ireland and plans on how these will be monitored and evaluated.



## Annex C – Letters from Governments

Letter from Secretary of State for Health and Social Care, 16 November 2022



*From the Rt Hon Steve Barclay MP  
Secretary of State for Health and Social Care*

39 Victoria Street  
London  
SW1H 0EU

020 7210 4850

Philippa Hird  
Chair NHS Pay Review Body  
Office of Manpower Economics  
Level 3, Windsor House  
50 Victoria Street  
London  
SW1H 0TL

16 November 2022

Dear Ms Hird,

I would firstly like to offer my thanks to the NHS Pay Review Body (NHSPRB) for the work over the past year on the 2022 report. The Government appreciates the independent, expert advice and valuable contribution that the NHSPRB makes.

I write to you now to formally commence the 2023-2024 pay round and ask NHSPRB for recommendations for the Agenda for Change workforce from April 2023. This includes all non-medical staff groups in the NHS - nurses & health visitors, midwives, ambulance staff, scientific therapeutic and technical staff, support to all clinical staff, central functions, hotel, property & estates, managers and senior managers.

As described during last year's pay round, the NHS budget has already been set until 2024-2025. Pay awards must strike a careful balance – recognising the vital importance of public sector workers, whilst delivering value for the taxpayer, considering private sector pay levels, not increasing the country's debt further, and being careful not to drive prices even higher in the future.

In the current economic context, it is particularly important that you also have regard to the Government's inflation target when forming recommendations.

The evidence that my department, HM Treasury and NHS England will provide in the coming months, will support you in your consideration of these factors, for example via the provision of details on recruitment and retention.

As always, whilst your remit covers the whole of the United Kingdom, it is for each administration to make its own decisions on its approach to this year's pay round and to communicate this to you directly.

this year and would welcome your report in April 2023, subject to ongoing conversations with the Office of Manpower Economics.

I would like to thank you again for your and the Review Body's invaluable contribution to the pay round and look forward to receiving your 2023 report in due course.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Steve', with a stylized flourish above the name.

**RT HON STEVE BARCLAY MP**

Letter from the Permanent Secretary, Department of Health Northern Ireland, 8 December 2022

**From the Permanent Secretary  
and HSC Chief Executive**



Ms Philippa Hird  
Chair of NHS Pay Review Body  
Office of Manpower Economics  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

By email: [NHSPRB@beis.gov.uk](mailto:NHSPRB@beis.gov.uk)

Castle Buildings  
Stormont Estate  
Upper Newtownards Road  
BELFAST  
BT4 3SQ

Tel: 02890520559  
Fax: 02890520573

Email: [peter.may@health-ni.gov.uk](mailto:peter.may@health-ni.gov.uk)

Your ref:

Our ref:  
SSUB-0496-2022

Date: 8 December 2022

Dear Ms Hird

**NHSPRB 2022/23 PAY ROUND**

I am writing to formally commence the 2023/24 pay round for Agenda for Change (AfC) staff in Northern Ireland. I wish to begin by thanking the NHS Pay Review Body for its invaluable work on the 2022/23 pay round. Robin Swann, the previous Minister of Health, accepted the recommendations of the Review Body in full.

With the lack of an Executive to agree a Departmental budget, and the resulting inability for the Department of Finance to set a Public Sector Pay Policy, implementation of the recommended pay award has been delayed. Please be assured, however, that this Department will seek to implement at the earliest possible opportunity now that the Secretary of State for Northern Ireland has determined relevant budgets and that our Department of Finance has issued public sector pay guidance.

I would therefore welcome your pay recommendations for health and social care staff in Northern Ireland for 2023/24, officials have commenced the evidence gathering process to inform your considerations.

Yours sincerely



**Peter May**

## Letter from Minister of Health and Social Services, Welsh Government, 19 December 2022

Eluned Morgan AS/MS  
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services



Llywodraeth Cymru  
Welsh Government

Philippa Hird  
NHS Pay Review Body  
Level 3  
Windsor House  
50 Victoria Street  
London  
SW1H 0TL  
United Kingdom  
[NHSPRB@beis.gov.uk](mailto:NHSPRB@beis.gov.uk)

19 December 2022

Dear Philippa Hird

Thank you for the NHSPRB's hard work and independent report and observations which have been invaluable.

I would like to take this opportunity to say I truly value the hard work and commitment of all of our dedicated healthcare workers in Wales, at all times but particularly during this challenging time.

I am now writing to formally commence the 2023-24 pay round for AfC staff in Wales. In this pay round I would like your advice on what would be a fair and affordable pay rise for AfC staff to recognise their dedication and continued hard work whilst the NHS is supporting the recovery efforts. The pay award also needs to address motivation, recruitment and retention to ensure the NHS can deliver service needs. I am also very conscious of the continued inflationary pressures felt by us all and the impact on take home pay from energy, mortgage, and food costs.

I urge you to make a pay rise recommendation that truly recognises the pressures on pay, the commitment and hard work of our NHS staff. However, affordability is a key issue for Welsh Government, in the absence of increased UK Government funding, any changes to NHS staff's terms and conditions will need to come from existing budgets that are already struggling with the inflationary costs, energy, and the cost-of-living crisis. Therefore, any consideration of NHS staff's pay and conditions will need to remain affordable.

In order to support your work, I will provide written evidence to the Pay Review Body and I will also plan to attend the oral evidence session when arranged.

Bee Caerdydd + Cardiff Bay  
Caerdydd + Cardiff  
CF99 1SN

Canolfan Cywilt Cynnal / First Point of Contact Centre:  
0300 0604400  
[Gobeiliaeth.Eluned.Morgan@llyw.cymru](mailto:Gobeiliaeth.Eluned.Morgan@llyw.cymru)  
[Correspondence.Eluned.Morgan@gov.wales](mailto:Correspondence.Eluned.Morgan@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedl.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I would like to receive your advice and recommendations as soon as possible to ensure that payment of any award to our dedicated NHS workforce is not unduly delayed past April 2022.

I look forward to receiving your advice and recommendations.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

**Eluned Morgan AS/MS**  
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services

Letter from the Permanent Secretary Department of Health Northern Ireland, 2 May 2023

**From the Permanent Secretary  
and HSC Chief Executive**



Phillippa Hird  
Chair  
NHS Pay Review Body

Via e-mail [NHSPRB@beis.gov.uk](mailto:NHSPRB@beis.gov.uk)

Castle Buildings  
Stormont Estate  
Upper Newtownards Road  
BELFAST,  
BT4 3SQ

Tel: 02890520559  
Fax: 02890520573

Email: [peter.may@health-ni.gov.uk](mailto:peter.may@health-ni.gov.uk)

Our ref: SSUB-0230-2023

Date: 2 May 2023

Dear Phillippa

Further to my letter of 8 December 2022, I am writing to you pursuant to the extraordinary meeting of the NHS Staff Council held on Tuesday 2 May 2023.

At that meeting, the Staff Council jointly recommended to the Secretary of State for Health that the pay offer made by the UK Government to Agenda for Change Trades Unions be implemented, in recognition of the majority position in favour of acceptance of the offer. The Council further recommended that the SofS ask the NHSPRB to suspend the pay setting process for 2023/24, and to make observations only.

In light of this position, I would also request that the pay setting process be suspended and confirm that Northern Ireland would not seek recommendations for 2023/24. I would like to thank the review body for the work undertaken so far, and look forward to receiving your report in due course.

Yours sincerely



**PETER MAY**



## Letter from the Minister for Health UK Government, 3 May 2023



*From Will Quince MP  
Minister of State for Health and Secondary Care*

*39 Victoria Street  
London  
SW1H 0EU*

NHS Pay Review Body  
Level 3  
Windsor House  
50 Victoria Street  
London  
SW1H 0TL

3<sup>rd</sup> May 2023

Dear Philippa,

Thank you for your patience while we awaited the outcome of the offer to the Agenda for Change (AfC) unions.

I am pleased to confirm that we have received a majority from the Staff Council on the offer we put forward to the AfC unions and therefore the government will be implementing the pay elements of this as soon as is practically possible.

This therefore means that we must now stand down the NHS Pay Review Body from making pay recommendations for the 2023/34 pay year.

We would like to take this opportunity to thank you and members of the body for the important work you do, especially considering the unique and often difficult circumstances this year. The government continues to value the work of NHSPRB and would welcome the NHSPRB's observations on this offer, as well as any insights and learning you gained through the process this year.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Will Quince".

**WILL QUINCE MP  
MINISTER OF STATE**

**Letter from the Minister for Health and Social Services Welsh Government,  
1 June 2023**

**Eluned Morgan AS/MS**  
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services



Llywodraeth Cymru  
Welsh Government

Philippa Hird  
NHS Pay Review Body  
Level 3  
Windsor House  
50 Victoria Street  
London  
SW1H 0TL  
United Kingdom  
[NHSPRB@beis.gov.uk](mailto:NHSPRB@beis.gov.uk)

1 June 2023

Dear Philippa Hird

Further to my letter to you on the 5<sup>th</sup> May I am writing to confirm that our pay offer in NHS Wales for 2022/23 and 2023/24 has been accepted by a collective majority of the health trade unions of the Welsh Partnership Forum. Please see my written statement confirming that I am now implementing the pay offer.

[Written Statement: NHS Pay award enhancement for 2022/2023 and pay award for 2023/24 Agenda for Change staff \(24 May 2023\) | GOV.WALES](#)

Therefore, I am formally writing to stand down the NHSPRB pay setting process for 2023/24 on the same basis that England and Northern Ireland have also done.

I and Welsh Government continue to truly value the work of the independent NHSPRB process as I stated in my last letter to you, therefore I would welcome the NHSPRB's observations on this offer, as well as any insights and learning you gained through the process this year.

Yours sincerely,



**Eluned Morgan AS/MS**  
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol  
Minister for Health and Social Services



