NHS Pay Review Body

Review for 2012

Written Evidence from the Health Departments for England and Wales

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September 2011

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

NHS Pay Review Body

Written Evidence from the Health Departments for the United Kingdom of Great Britain and Northern Ireland

September 2011

NHS PAY REVIEW BODY REVIEW FOR 2012

Written and Statistical Evidence from the Health Departments for England and Wales

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ENGLAND

DEPARTMENT OF HEALTH EVIDENCE TO THE NHS PAY REVIEW BODY

EXECUTIVE SUMMARY

Introduction

1. The Chief Secretary to the Treasury wrote to the Chairs of the Pay Review Bodies on 20 June outlining the remit for the 2012/13 pay round. The Secretary of State confirmed the position in respect of the NHS Pay Review Body remit group in his letter of 22 August. In particular, he confirmed that the 2012/13 pay round should proceed in line with the approach agreed for 2011/12 and that the NHS Pay Review Body was asked to gather evidence and make recommendations only in relation to those earning £21,000 or less.

2. In line with this remit, we are now providing evidence relating to those staff earning £21,000 or less and information on those earning more than £21,000. We also provide brief information on the recruitment and retention of junior pharmacists which the NHS Pay Review Body noted in its last report that it wished to keep under review.

Summary of Evidence

3. The Coalition Government inherited one of the most challenging financial situations in the world and its proposals for this year's uplift must be seen in that light. The Government's top priority is and must continue to be the reduction of an unsustainable structural deficit. This strategy necessarily involves tight control of public spending, including pay which represents around 50 per cent departmental resource budgets in England.

4. The Government therefore announced a two-year pay freeze across the public sector for 2011/12 and 2012/13 for those earning basic salaries of more than £21,000 a year. However, the Government also made a commitment to protect those on low incomes, and announced that those earning basic salaries £21,000 or less should receive uplifts of a minimum of £250 a year.

5. The Government has therefore asked the Pay Review Body to take evidence and make recommendations on the uplift for those earning £21,000 or less. However, the Government strongly believes that there is a need not to give these staff an annual increase in excess of £250 for 2012/13

6. In coming to this decision, the Government has taken account of the following factors:

Purpose of the Uplift

7. The Government's longstanding aim for NHS pay policy remains the same. It is to ensure that we can recruit, retain, and motivate sufficient high calibre NHS staff to deliver government policy and ensure best value for the taxpayer. The aim is not to keep pace with any particular index of inflation or to protect the relative purchasing power of NHS staff compared to other groups. It is a more complex matter of judgement and the Government considers that this level of uplift is appropriate to

protect those on low incomes, even at a time of fiscal consolidation as an aspect of overall motivation.

Affordability

8. Although NHS has received a better spending review settlement than many other parts of the public sector, including a guarantee of real terms increases in NHS funding in each year of this parliament, NHS resources will be under considerable pressure. In particular, the Department of Health estimates that the NHS will need to deliver annual quality and productivity (QIPP) savings of up to £20 billion by 2014-15 to cope with demographic increases in demand, fund the increased cost of non-pay inputs such as drugs, and meet the cost of introducing new medical technologies and procedures.

9. The Government is determined to deliver these savings and has said that any funds released will be reinvested in front line services. However, delivering these savings will be extremely challenging and any unnecessary increase in pay would make this more difficult, could undermine this ambition and may put at risk our ability to meet growing public expectations.

Staff satisfaction and motivation remain healthy

10. The latest annual NHS staff survey results which were published in March 2011 showed that overall staff satisfaction had reached a 5 year high. The position for staff earning less than £21k is difficult to identify separately, but staff satisfaction for unqualified nurses (who make up a large proportion of this group) was broadly unchanged at 3.48 out of 5.00 compared to 3.49 the previous year and staff satisfaction for administrative and clerical staff was unchanged at 3.54.

11. The score for the proportion of staff who declared an intention to leave had increased slightly from 2.42 to 2.46 out of 5.00 for unqualified nurses and from 2.52 to 2.60 for administrative and clerical staff, though the latter may reflect a perceived reduction in career opportunities as a result of the Government's necessary determination to reduce overall administrative costs by at least 45% by 2013/14 and protect front-line services.

Recruitment and retention remain healthy

12. The recruitment and retention position remains very healthy – both among staff earning basic salaries of £21,000 or less, and across the NHS more generally.

13. Unemployment in the general economy is increasing – 7.9% in September 2011, compared to 5.4% in October 2007 – and the NHS has experienced no difficulty in meeting its requirement to increase the total non-medical workforce in headcount terms by 0.2% from 1,168,009 in 2009 to 1,170,576 in 2010.

14. The Information Centre no longer gather details of vacancies and identifying movements in the numbers of staff earning basic salaries of £21,000 or less is not wholly straightforward. However, the NHS Workforce Census for the year ended 30 September 2009 shows that the number of support staff for clinical doctors and nurses rose by 0.9% (from 276,915 to 279,522) and the number of infrastructure support staff rose by 0.1% (from 191,116 to 191,380). Although these numbers include some staff

earning over £21,000, they suggest that the NHS is able to recruit and retain all the staff it needs in pay bands 1-4 of Agenda for Change.

Total Reward in the NHS remains attractive

15. According to independent research by the Institute for Fiscal Studies (IFS) published in its Green Budget in February 2011, pay in the public sector remains greater than that in the private sector once appropriate adjustment has been made for relevant skills and experience. The IFS research also supported Lord Hutton's conclusion that public sector pensions remain significantly more generous than those in the private sector, and provided significantly better access to defined benefit schemes.

16. Lord Hutton's recent independent review of public sector pensions also highlighted that there was a case for increasing employee pension contributions to rebalance the relative contributions paid by the employer and the employee, and recognised that the employer had absorbed a disproportionate burden in respect of the recent forecast increases in longevity.

17. The Government has proposed changes in public sector pensions in response to Lord Hutton's report. These are being discussed with trade unions at the moment. The Government's proposals to increase contributions from 2012/13 are also subject to a public consultation launched in July 2011. In the meantime, the Government has made it clear that future public sector pensions will remain among the best available, and that pensions for low and middle earners will be broadly as generous as they are now with those earning less than £21,000 seeing little or no increase in contributions in 2012/13. The Government is therefore clear that any changes in pensions, including the proposed increase in contributions from 2012/13, do not justify upward pressure on pay.

18. In proposing a flat rate increase of £250 for all staff earning below £21,000, the Government would highlight that this represents a recurrent and pensionable pay increase of between 1.2% and 1.8% and that this will increase the total paybill by £125m per annum. Moreover, each additional uplift of £100 for these staff would increase the paybill by approximately £50 million.

19. The Government would also highlight that about two-thirds of AFC staff have not reached the top of their pay spine and will therefore also be entitled to annual incremental progression of between 1.8% and 3.7% which will represents an average increase of 2.9% and will increase the total annual paybill for Agenda for Change staff by a further £750m.

20. The Government therefore believes that there is no requirement to increase the pay of those earning £21,000 or less by more that the minimum of £250. Moreover, applying a single flat rate uplift to each paypoint, in the same way as was awarded in April 2011, is the most simple and effective way to avoid the potential problem of leap-frogging.

Workforce demand is likely to reduce after a period of sustained growth

21. The non-medical workforce has increased by an average of 2.4% each year since 2000 This increase slowed in 2010 and we expect this trend to continue such that the NHS

and total staffing will reduce in size slightly over the life of this parliament and be smaller at the end of it. This will include a significant reduction in the number of administrators and managers and a rebalancing towards front line services so that we can continue to meet patient expectations

Recommended Uplift for Lower Paid Staff

22. In summary, the Government remains committed to maintaining pay restraint across the public sector and protect the lower paid. Recruitment, retention and motivation remain strong and there is no justification to award more that £250 per annum to any NHS staff again this year. The DH therefore strongly recommends that all staff earning less than £21,000 are awarded a simple increase of £250 regardless of their position on the Agenda for Change pay scale. This would be the most simple, fair and equitable approach, and would avoid the risk of leap-frogging.

Update on Junior Pharmacists

23. In its 25th Report the NHS Pay Review Body decided that a national RRP for pharmacists in Bands 6 and 7 was not required, but said that it would continue to monitor the position. The Government has continued to take a number of actions to improve the recruitment and retention of all staff, including the formation of the Pharmacist Numbers Task and Finish Group and the introduction of the Modernising Pharmacy Careers Programme. These actions together with each employer's flexibility to use local recruitment and retention premia where these are considered to be necessary, have continued to significantly improve the recruitment and retention position for junior pharmacists. The Government therefore continues to believe that no national RRP is necessary.

Evidence

24. The Government's evidence is detailed in the following chapters:

- Chapter 1 covers the Government's pay policy, and its wider approach to the NHS;
- Chapter 2 covers NHS finances;
- Chapter 3 sets out the wider economic position;
- Chapter 4 covers total reward in the NHS; and
- Chapter 5 covers planning and delivery for the NHS non-medical workforce; and
- the statistical annexes.

CHAPTER 1: INTRODUCTION - THE GOVERNMENT'S PAY POLICY AND WIDER APPROACH TO THE NHS

1.1 The Coalition Government has guaranteed that health spending will increase in real terms in every year of this Parliament. However, with that protection comes the same obligation for the NHS to cut waste and transform productivity as applies to other parts of the public sector.

1.2 NHS pay must also been seen within the wider context of the current economic situation and cannot be immune from the serious economic challenges we face. The massive deficit means that difficult decisions have to be made and it is right that the NHS plays its part, through pay restraint, in reducing the public sector pay bill. Restraint now will help to protect jobs in the NHS, support the quality of services the NHS provides and ensure that every penny saved is spent on front-line services.

1.3 However, the Government remains committed to protecting those on low incomes. Therefore, in this the second year of the two year pay freeze announced in the Emergency Budget in June 2010, the Government will again seek increases of at least £250 per year for those earning a full-time equivalent of £21,000 or less.

1.4 The Chief Secretary to the Treasury wrote to the Chairs of the Pay Review Bodies on 20 June 2011 to set out the Government's position on public sector pay (a copy of that letter is at Annex A). He made clear that:

- for those groups of workers paid above £21,000, the Government will not submit evidence or seek recommendations on pay uplifts for 2011/12. It will, however, provide information about recruitment, retention and other aspects of the affected workforces as appropriate; and
- for those groups of workers paid £21,000 or less, we will look to the Pay Review Bodies to provide recommendations on 2012/13 uplifts.

White Paper, '*Equity and Excellence: Liberating the NHS*'

1.5 The need for NHS pay restraint has been made very clear. At the same time, the Government has set out its ambitious vision for the Service of the future. The White Paper of July 2010 builds on the core values and principles of the NHS - a comprehensive service, available to all, free at the point of use, and based on need, not ability to pay. It sets out how:

- patients will be put at the heart of everything the NHS does - having greater choice and control helped by easy access to the information they need about the best GPs and hospitals, and in charge of making decisions about their care;
- there will be a clear focus on the continuous improvement of what really matters to patients - the outcome of their healthcare. Success will be measured, not through bureaucratic process targets, but against results that matter to patients – such as improving cancer and stroke survival rates; and
- clinicians will be empowered and liberated to innovate, with the freedom to focus on improving healthcare services. Front-line staff will have more control. Healthcare will be run from the bottom up, with ownership and decision-making in the hands of professionals and patients.

Health and Social Care Bill 2011

1.6 The Health and Social Care Bill was introduced into Parliament on 19 January 2011 it takes forward the areas of Equity and Excellence: Liberating the NHS and the subsequent Government response Liberating the NHS: legislative framework and next steps (December 2010), which require primary legislation. It also includes provision to strengthen public health services and reform the Department's arm's length bodies.

1.7 The Bill contains provisions covering five themes:

- strengthening commissioning of NHS services
- increasing democratic accountability and public voice
- liberating provision of NHS services
- strengthening public health services
- reforming health and care arms-length bodies.

1.8 The NHS Future Forum was launched on 6 April as an independent group in order to 'pause, listen and reflect' on the content of the Health and Social Care Bill. It published its recommendations on the future for NHS modernisation. The Government published its response on 20 June, setting out the changes it intends to make in response to the recommendations.

1.9 A fuller description of the context for the amendments to the Bill and of the other changes to the modernisation plans is provided by the response.

Quality, Innovation, Productivity and Prevention (QIPP)

1.10 The current and forecast economic climate demands **more** efficient use of resources **across the public sector**. The NHS has understood for some time the need to make challenging improvements in productivity and efficiency **whilst maintaining or improving the quality of care**. To meet increasing demand, stemming partly from **changing demographics**, and to absorb increasing costs **of new technology and drugs**, the NHS needs to concentrate on improving productivity and eliminating waste while focusing relentlessly on clinical quality. Work has already begun on releasing up to £20 billion of efficiency savings needed by the end of the Spending Review period **(2014/15)**. These savings will be reinvested in front-line services to meet the current financial challenge and the future costs of demographic and technological change ensuring that the NHS continues to deliver year on year quality improvements. Achieving this ambition will be extremely challenging.

1.11 Work is underway at a national, regional and local level to support clinical teams and NHS organisations to improve the quality of care they deliver while making efficiency savings that can be reinvested in the service.

Assessing the Future Health Workforce Needs in England

1.12 The White Paper also set out the Government's vision of a provider-led workforce planning, education and training system, in which the professions have the leading roles in commissioning education and training, and work with employers to ensure a multi-disciplinary approach.

1.13 A public consultation on these proposed changes "Liberating the NHS: Developing the Healthcare Workforce" was published on 20 December 2010. It sets out proposals for a new framework for workforce planning, education and training. The consultation closed on the 31 March 2011 and a summary of the consultation responses was published on 18 August 2011

1.14 The new framework proposed in the consultation would see healthcare providers – with their local clinical leadership – taking a lead role in planning and developing their workforce, with responsibility for many of the workforce functions currently led by the Strategic Health Authorities (SHAs). A new statutory body, Health Education England (HEE), would be established to provide oversight and national leadership for education and training.

1.15 The new system will:

- Provide **security of supply**, ensuring sufficient numbers of appropriately trained professionals to meet future health needs and achieve health outcomes that are among the best in the world.
- Be **responsive to patient needs and changing service models**, such that the capacity and skills of current and future staff reflect the needs of patients and local health economies.
- Deliver **continuous improvement in the quality of education & training**, aspiring for excellence and innovation in all education and development activity, to build confident and competent healthcare staff able to deliver safe and high quality care.
- Ensure **value for money**, with transparent funding flows to support a level playing field across providers.

1.16 **Widen participation**, supporting diversity and equitable access to services, education, training and development opportunities and a system where talent flourishes free from discrimination with everyone having fair opportunities to progress.

1.17 It is clear that effective workforce planning is key to delivering the right workforce to deliver the Government's vision. The CfWI's information and analysis will support NHS organisations in their workforce planning, assisting them in taking a long-range approach to improving skills and resources. This will enable the Department, and NHS bodies at all levels to understand workforce demand and supply in greater depth, and thereby to improve their workforce planning strategies.

Conclusion

1.18 The Government has embarked on a major programme of reform to deliver better outcomes for patients from an empowered front line workforce. These changes are set out in the White Paper and the Health and Social Care Bill. Department has recently completed a number of consultations, including the listening exercise undertaken by the NHS Future Forum and will be taking forward its responses to those.

CHAPTER 2: NHS FINANCES

2.1 This chapter sets out the financial position for the NHS in 2012/13, and the costs of meeting a £250 uplift for staff earning basic salaries of £21,000 or less.

Economic Context

2.2 The economic outlook for employment and earnings growth in 2012 is similar to last year. (Chapter 3 below considers the general economic context).

2.3 The weak general labour market makes it easier to recruit and retain a high-quality workforce for the NHS, than it was following the 2002, 2004 and 2007 Spending Reviews.

Public Sector Pay Freeze

2.4 During the recession, many private sector workers accepted reduced pay in order to support jobs, while public sector pay continued to rise. At the June Budget, the Government took the difficult decision to freeze pay to help put the UK's public finances back on track. Restraint now will help to protect jobs in the public sector and support the quality of public services

2.5 As it is anticipated that demand growth for Agenda for Change staff will fall over the next year, recruitment difficulties are not expected. Indeed, the recruitment and retention of Agenda for Change staff is not seen as problematic in the short-term even if earning growth picks up in the private sector.

Funding Growth

2.6 The NHS saw large increases in funding between 2000/01 and 2010/11, with an average real terms growth in revenue expenditure of 5.3% per year. Table 2.1 shows the NHS revenue figures from 2000/01 to 2010/11, and the Revenue Departmental Expenditure Limits (RDEL) as agreed in the 2010 Spending Review for the years 2011/12 to 2014/15 (SR 2010):

Table 2.1: Nhs Revenue Since 2000/01

NHS Revenue Expenditure (£bn)	Cash Growth	NHS Revenue Expenditure (£bn)	Cash growth	Real growth
2000/01	Outturn	42.7		
2001/02	Outturn	47.3	10.8%	8.4%
2002/03	Outturn	51.9	9.8%	6.4%
2002/03	Outturn (rebased)	55.4		
2003/04	Outturn	61.9	11.7%	8.8%
2004/05	Outturn	66.9	8.1%	5.2%
2005/06	Outturn	74.2	10.9%	8.9%
2006/07	Outturn	78.5	5.8%	2.4%
2007/08	Outturn	86.4	10.1%	7.0%
2008/09	Outturn	90.7	5.0%	2.2%
2009/10	Outturn	97.8	7.8%	6.1%
2009/10	Outturn (aligned)	95.6%		
2010/11	Outturn (aligned)	98.9%	3.4%	0.5%
2011/12	RDEL	102.6	3.1%	0.2%
2012/13	RDEL	105.2	2.5%	0.0%
2013/14	RDEL	108.2	2.8%	0.1%
2014/15	RDEL	111.1	2.7%	0.0%

(1) Expenditure figures from 2000/01 to 2002/03 are on a Stage 1 resource budgeting basis.
(2) Expenditure figures from 2003/04 to 2008/09 are on a Stage 2 resource budgeting basis, this means cost of capital and cost of new provisions are included in the RDEL.
(3) Expenditure figures from 2010/11 are on an aligned basis. Aligned means that cost of capital is no longer included in RDEL and new provisions are included in Annually Managed Expenditure rather than RDEL.

2.7 The Departmental Expenditure Limits (DEL) set by HM Treasury represent absolute limits on NHS expenditure. There is no flexibility to bring forward expenditure.

Share of resource going to pay

2.8 Table 2.2 below shows the cash increases in the NHS revenue expenditure over the last eight years, and the proportion of the revenue expenditure increases consumed by paybill. This proportion is broken down into:

- the proportion that went on price increases (that is, on wage increases); and
- the proportion that went on volume increases (that is, on employing extra staff).

Table 2.2: Increase In Revenue Expenditure And Proportion Consumed By Paybill

	Revenue increase (cash) (£bn)	Paybill increase (cash) (£bn)	% of revenue increase on paybill	% of revenue increase on paybill prices	% of revenue increase on paybill volume
2001/02	4.6	2.4	51.4%	31.6%	19.8%
2002/03	4.6	2.4	51.1%	25.1%	26.0%
2003/04	6.5	2.6	40.9%	20.7%	20.1%
2004/05	5.0	4.5	90.6%	65.1%	25.4%
2005/06	7.3	2.5	34.4%	20.4%	14.1%
2006/07	4.3	1.3	30.2%	42.1%	-11.9%
2007/08	7.9	1.3	16.3%	18.5%	-2.1%
2008/09	4.4	2.6	59.8%	27.6%	32.3%
2009/10	7.1	2.7	38.6%	10.8%	27.8%
Average	5.7	2.5	44.6%	28.3%	15.9%

The NHS Paybill

2.9 Between 2000/01 and 2009/10, increases in paybill prices have on average accounted for 28.3% of the cash increases in NHS revenue expenditure.

2.10 Pay is the most significant cost pressures, accounting for more than 40% of NHS revenue expenditure and from 2001/02 to 2009/10 accounted for 45% of the increases in revenue. As pay represents such a large proportion of the NHS budget, managing the paybill is key to ensuring that the NHS is able to cope with the future slow-down in funding growth.

Pressures on NHS Funding Growth

2.11 Different priorities compete for shares of the Department's cash limited funding. These spending pressures are analysed in two broad areas:

- baseline pressures
- underlying demand and service developments

2.12 Baseline pressures cover the costs of meeting existing commitments that are essential for the NHS: they do not cover additional and new activity. Baseline pressures are the first call on NHS resources. The HCHS paybill (including pay settlement) forms a significant part of these baseline pressures, along with prescribing (primary care and hospital) and primary care services.

2.13 Underlying demand is pressure due to general growth in activity levels. Demand has grown on average by 2.7% p.a. in the last 10 years. Service development covers policy and manifesto commitments to improve quality. Service development over the current SR period includes:

- the cancer drugs fund (£800m over the SR)
- 4,200 sure start health visitors (£577m over the SR)
- expanding access to talking therapies (£433m over the SR)

Allocation of resources in past Spending Reviews

2.14 Table 2.3 shows how increases in revenue (RDEL) in past Spending Reviews have been deposited across different components. Approximately 35% has been deployed to higher pay (rows 3 & 9) and 48% to activity growth and service developments (row 2). In the past, non-pay baseline pressures have consumed less than 20% of available resources.

2.15 Table 2.3 also shows (row 1) that the level of resource available in 2012/13 is 60% less than in years covered by previous spending reviews.

2.16 The final column shows how the SR2010 settlement for 2012/13 might be distributed under a "do nothing" scenario if we assume that:

- pay drift is 1% p.a.;
- a pay freeze applied for all those except on Agenda for Change pay points 1-15; and
- a £250 pay uplift for all those on Agenda for Change pay points 1-15.

Table 2.3: Disposition or Revenue Increase Across Expenditure Components

Row	Component of Expenditure	SR2002	SR2004	CSR2007	Indicative disposition in 12-13
1	**Average annual increase in revenue (£bn)[1]**	**£7.7bn**	**£7.0bn**	**£5.6bn**	**£2.5bn**
2	Activity Growth and Service Developments[2]	39%	60%	44%	5%
3	Hospital and Community Services Pay (Price only Component)	29%	23%	35%	24%
4	Secondary Care Drugs	4%	4%	7%	23%
5	EEA Medical Costs, Welfare Food & NHS Litigation	3%	4%	2%	12%
6	Primary Care Drugs	5%	4%	5%	16%
7	General Dentistry, Ophthalmic and Pharmaceutical Services	3%	3%	4%	5%
8	Prices	1%	2%	1%	0%
9	General Medical Services	16%	1%	3%	7%
10	Funding for Social Care[3]				8%

Notes (1) Average growth over each SR period in 2012/13 prices. (2) in the past activity growth and service development has driven workforce growth. Under do nothing scenario , presented here it assumes the discretionary spend grows at a much lower rate (3) the NHS will make funding available to be spent on measures to support social care which also benefits health. This funding is £922m in 2012/13 including reablement, designed to help people stay independent as long as possible

2.17 The indicative disposition for 2012/13 shows the difficulties that arise with lower levels of resources available in 2012/13. The forecast growth in non-discretionary, baseline pressures at rows 4, 5, 6, 7 & 8 and increased support to social care would leave just 36% available for pay increases and activity growth and service developments.

2.18 Even with the pay freeze, historic drift and the £250 low pay award will require approximately £615 million (one quarter) of the extra available resources.

2.19 In the past, with flat NHS productivity which the ONS estimate at -0.2% p.a. workforce growth has grown more or less in line with activity growth and service improvements. Table 2.3 shows that if labour productivity remained flat, the level of activity would have to rise at a much lower rate than the recent past with possible negative impacts on waiting times and access to treatment.

2.20 The QIPP agenda to deliver higher productivity, procurement savings and reduce management costs will allow for activity growth and service improvements. The higher the level of pay growth the more difficult the balance between staff numbers, productivity and service delivery becomes. In a nutshell, the higher the levels of pay the fewer staff will be employed and more productivity is required.

Conclusion

2.21 The funding available to the NHS is fixed and extremely tight compared with the recent past (as shown above in Table 2.1). In such circumstances, increases in pay will reduce the funds available for service developments and activity growth and reduce the derived demand for staff.

2.22 Although the Department of Health plans unprecedented savings in non-pay costs through QIPP, the level of non-discretionary demand led pressures such as drugs bill, EEA medical costs and litigation means the continuation of pay drift and pay proposals for Agenda for Change bands 1-4 might impact adversely on staffing levels. The Department of Health has ambitious plans to reduce the number of managers and administration staff, primarily in SHAs and PCTs to protect front-line services but reductions in clinical posts cannot be ruled out.

2.23 The Department believes that the proposals made in this evidence are a prudent balance between the public's aspirations for continuing NHS service improvements on the one hand, and pay levels necessary to deliver a workforce of the required size, skill, motivation and morale on the other.

2.24 The workforce enjoys excellent levels of recruitment and retention, as demonstrated by historically low vacancy rates. And, as a result of workforce reforms over recent years, staff have benefitted from a good overall remuneration package.

CHAPTER 3: EVIDENCE ON THE GENERAL ECONOMIC CONTEXT

Summary

3.1 The UK economy is still recovering from the deepest recession in living memory, during which Gross Domestic Product (GDP) fell by 6.4 per cent. In its March 2011 forecast, the Office for Budget Responsibility (OBR) expected GDP to grow 1.7 per cent over 2011 as a whole, rising to above-trend rates from 2012. Output did expand over the first half of 2011 but it was less than forecast by the OBR; quarter-on quarter GDP growth was 0.5 per cent in 2011Q1 and 0.2 per cent in 2011Q2.

3.2 Global conditions are making the recovery more difficult. The Government has taken decisive action to tackle our deficit, but the UK is not immune to risks posed by deteriorating global confidence and instability in financial markets.

3.3 Inflation has also been elevated and CPI inflation now stands at 4.5 per cent, due to the rise in global commodity prices we've seen in recent months, combined with the temporary impact of the rise in VAT. The OBR and the Monetary Policy Committee expect inflation to fall back in 2012 and 2013, as the commodity price and VAT rises fall out of the comparison, and economic spare capacity continues to exert downward pressure.

3.4 Britain's deficit in 2009-10 was the largest in its peacetime history. The Government is committed to a fiscal mandate which will achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast horizon. It is in this context that the June 2010 Budget announced a two year pay freeze from 2011-12 for public sector workforces, except for those earning a full-time equivalent salary of £21,000 or less, where the Government will seek increases of at least £250 per year. This policy will help to protect jobs and the quality of public services during the consolidation period.

3.5 We are only a few months into the Spending Review period. At Budget 2011, the Government reaffirmed its aim to restore the structural current deficit to balance over the course of the Parliament. Net borrowing in the year to date is broadly in line with the OBR's Budget 2011 forecast. However, there remains substantial uncertainty over the medium term, particularly in relation to market sentiment towards high-deficit countries, and the UK therefore faces significant risks until fiscal sustainability is restored.

3.6 The labour market has a long way to go before returning to pre-recession conditions, and risks remain. Employment has started to recover, driven by the rise in private sector employment; however ILO unemployment is still close to its 8 per cent peak in the second quarter of 2010. Recruitment and retention potential remains strong in the economy as a whole, including in the public sector.

3.7 The overall value for the public sector reward package remains generous. The ONS estimate that there was a pay premium attached to working in the public sector prior to the recession in 2007, at an average of 5.3%, controlling for the type and characteristic of employees. This premium widened to 7.8% in April 2010 as a result of large slowdown in annual nominal average earnings growth in the private sector.

3.8 In addition, pension provision remains significantly more generous in the public sector than in the private. Currently around 85% of public sector employees are members of employer sponsored pension schemes, compared to only 35% in the private sector.

3.9 Both the interim and final reports of the Independent Public Service Pensions Commission [1] chaired by Lord Hutton, made a number of recommendations for reform of public service pensions based on the principles of sustainability, affordability and fairness to both public servants and other taxpayers. The Government has accepted these recommendations as a basis for consultation with public servants, trades unions and others. However, these reforms would mean that public service pensions remain among the very best available, with accrued rights protected.

3.10 In light of all of these factors, the Government continues to believe that a pay freeze for those earning more than the full-time equivalent of £21,000 remains appropriate in 2012-13. The implications of this for the annual pay round remain that:

- for those groups of workers paid above £21,000, the Government will not submit evidence or seek recommendations on pay uplifts. It will however, provide information about recruitment, retention and other aspects of the affected workforces as appropriate; and
- for those groups of workers paid £21,000 or less, the Government will look to the Pay Review Bodies to provide recommendations on uplifts subject to a minimum uplift of £250.

3.11 When considering their recommendations, Review Bodies may want to consider:

- the level of progression pay provided to the workforce;
- the potential for payments to be more generous for those on the lowest earnings;
- how best to avoid leapfrogging between those earning just under £21,000 with those earning just over £21,000, potentially through the use of a taper; and
- that following the fiscal consolidation announced in the June 2010 Budget and Spending Review decisions on pay will have cost pressure implications for departments within their settlement.

3.12 The Government also asked Will Hutton to lead a Review of Fair Pay in the Public Sector, making recommendations on tackling disparities between the lowest and highest paid in public sector organisations. The final report was published in March 2011 and at Budget 2011, the Government welcomed this report as a basis for setting senior pay in the public sector.

Economic context and outlook for the economy

3.13 The UK economy is recovering from the deepest recession in living memory, during which Gross Domestic Product (GDP) fell by 6.4 per cent. Given the scale of the imbalances that built up prior to the crisis, the recovery will continue to be choppy, and by historical standards, subdued.

3.14 In its Budget 2011 forecast, the Office for Budget Responsibility expected GDP to grow 1.7 per cent over 2011 as a whole, rising to above-trend rates from 2012 as the private sector-led recovery gathers pace. Output expanded over the first half of 2011, although less than forecast by the OBR; quarter-on-quarter GDP growth was 0.5 per cent in 2011Q1 and 0.2 per cent in 2011Q2, compared to the OBR forecast for growth of 0.8 per cent and 0.4 per cent respectively. The OBR Chairman has since said that the

[1] IPSPC Final Report, 10 March 2011, http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm

weaker than anticipated data mean that "As a simple matter of arithmetic, in order to get to 1.7 per cent now you'd be looking for quarter-on-quarter growth rates of 1 per cent in the third and fourth quarters of 2011, and there aren't many people out there expecting that."

3.15 Global conditions are making the recovery more difficult. The Government has taken decisive action to tackle our deficit and place the UK ahead of the curve. The UK open economy and large financial sector means it is not immune to global risks from deteriorating global confidence and nervous financial markets. These risks make it even more essential to stick to the credible fiscal consolidation plan. Discussions over the US debt ceiling and the still-worsening euro area crisis have knocked confidence in policymakers' ability to respond to these challenges and to implement credible fiscal consolidation, taking into account different national circumstances. This has raised concerns about the outlook for growth. The euro area and US, which remain the centre of gravity of the global economy and are the UK's main trading partners, are experiencing subdued growth.

3.16 Overlaying the global factors affecting the UK, there is the unwinding of a number of temporary factors, which makes the assessment of the underlying strength of the UK economy more difficult. The ONS estimate GDP growth in Q2 would have been up to 0.5 percentage points higher in the absence of the erratic factors of the royal wedding, Japanese tsunami impacting supply chains, as well as record warm weather in April and maintenance shut-downs in the North Sea.

3.17 Overall the average independent forecast for GDP growth in 2011 has fallen over recent months, and is now for growth of 1.3 per cent over the year, The average independent forecast for GDP growth in 2012 is 2.0 per cent – down slightly from 2.1 per cent at the start of the year, and below the OBR's Budget forecast of 2.5 per cent.

3.18 Table 1 summarises OBR, Bank of England and independent forecasts for GDP growth over the next three years: the latest independent forecasts for GDP growth in 2011, for example, range from 0.8 per cent to 1.9 per cent.

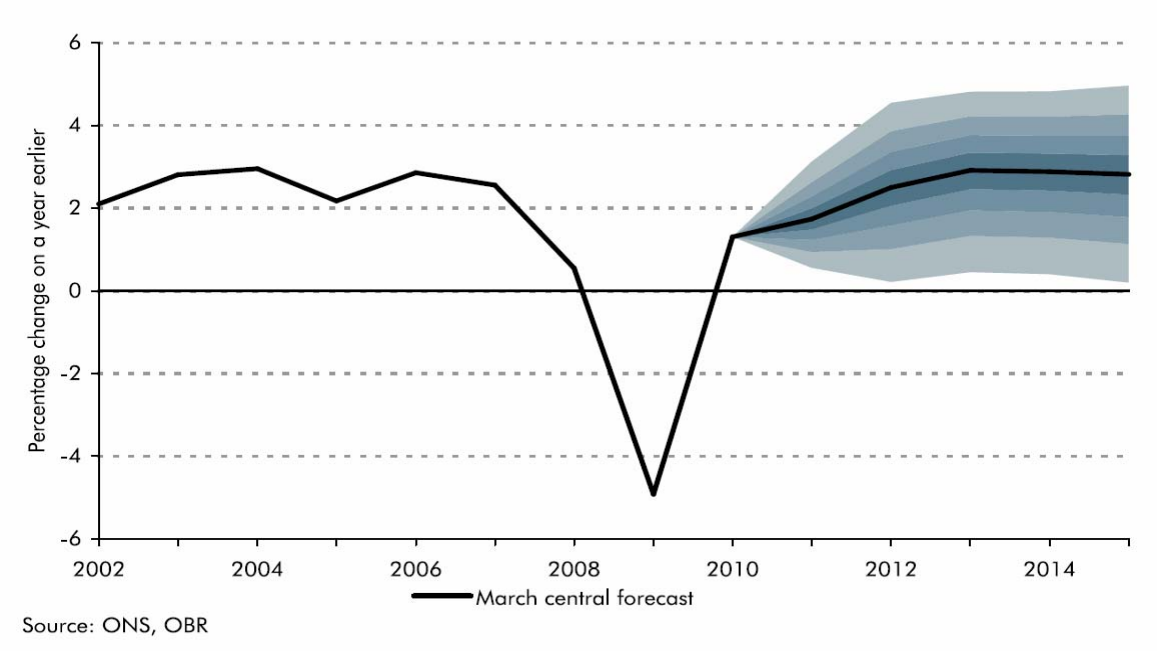
Table 1: Forecasts for GDP growth 2011 to 2012

Forecasts for GDP growth (per cent)	**2011**	**2012**	**2013**
OBR (March 2011 Budget)	1.7	2.5	2.9
Bank of England mode projection August 2011)	1.4	2.2	2.6
Avg. of independent forecasters (September 2011)[2]	1.2	1.8	2.3[3]

[2] *Forecasts for the UK economy: A comparison of independent forecasts*, August 2011, compiled by HM Treasury.
[3] Forecasts for 2013 are from a smaller sample of forecasters.

3.19 There remains significant uncertainty about the prospects for economic growth. To illustrate the uncertainty around the central projection, the OBR's Budget 2011 forecast presented fan charts based on past forecast errors, as set out in chart 1. The distribution set out in the Budget forecast suggested that the probability of growth in 2011 falling within 1 percentage point of the central projection (1.7 per cent) is around 80 per cent. The probability that GDP growth is within 1 percentage point of the central projection in 2012 (2.5 per cent) falls to less than 50 per cent, and in 2015 (for which the central projection is 2.8 per cent) is around 40 per cent .

Chart 1: GDP Fanchart (March 2011)



Inflation

3.20 Inflation has been elevated recently. CPI inflation fell from a peak of 3.7 per cent in April last year to 3.1 per cent in the autumn 2010, but then rose to 4.5 per cent in April and May this year, where it now currently stands. RPI inflation has followed a broadly similar path over this period, and stands at 5.2 per cent, down from 5.2 per cent in April and May.[4] The key reason inflation is being pushed higher is the rise in global commodity prices seen in recent months. Oil prices have risen 50 per cent in the past year.

3.21 These global pricing pressures, combined with the temporary impact of the rise in VAT, are set to keep inflation above target this year – the OBR warned that CPI inflation is expected to "remain between 4 and 5 percent over most of 2011..." However, inflation is forecast to fall back sharply in 2012 and return to target in 2013 as the rises in VAT falls out of the annual comparison. The OBR also expect that upward pressure from higher energy prices and commodity prices will gradually fade, while the disinflationary impact of spare capacity continues to bear down on inflation. This is also the view of Bank of England who argued in their August Inflation Report "inflation is likely to fall back through 2012 and

[4] The difference between CPI and RPI reflects a number of factors. The ONS breaks these down into: mortgage interest payments, other housing components excluded from the CPI, other differences in the coverage of goods and services, and the formula effect. The ONS estimates that the formula effect decreased the CPI 12 month rate relative to the RPI 12 month rate by 0.05 percentage points in August. (p34, Office for National Statistics, Consumer Price Indices Statistical Bulletin Briefing Note, August 2011)

into 2013 as the impact of the factors temporarily raising inflation dimishes....", having peaked at about 5 per cent this year.

3.22 Table 2 sets out the OBR forecasts for inflation for the March Budget, against the latest figures from the Bank of England and the average of independent forecasters.

Table 2: Forecasts for CPI Inflation 2011 to 2013

Forecasts for CPI Inflation (per cent change on a year earlier)	Q4 2011	Q4 2012	Q4 2013
OBR (March 2011 Budget)	3.9%	2.2%	2.0%
Bank of England mode projection (August 2011)	5.0%	2.1%	1.7%
Avg. of independent forecasters (August 2011)	4.5%	2.2%	-

3.23 The Monetary Policy Committee also expects inflation to fall back in 2012 and 2013, as the commodity price and VAT rises fall out of the comparison, and economic spare capacity continues to exert downward pressure.

Affordability

3.24 The public sector pay freeze was set at a time when the budget deficit was at an unprecedented post-war peak, reaching 11 per cent of GDP in 2009-10. According to the IM, the UK was forecast to have the largest deficit in the G20 in 2010.[5]

3.25 Faced with an unprecedented deterioration in the public finances, consolidation was necessary to reduce risks in the short term, restore private-sector confidence and underpin sustainable economic growth. At the June Budget, the Government therefore set out plans to eliminate the structural current budget deficit over the course of the Parliament. Budget 2011 reaffirmed that plan.

3.26 The deficit reduction plan is underpinned by a forward-looking fiscal mandate, to achieve cyclically-adjusted current balance by the end of the rolling five-year forecast period (currently 2015-16). To ensure that the public finances are restored to a sustainable path in the medium term, the mandate is supplemented by a target for net debt as a share of GDP to be falling at a fixed date of 2015-16. Reflecting the consolidation announced by the Government, the deficit is forecast to fall from 7.9 per cent of GDP this year to 1.5 per cent in 2015-16.

3.27 But while net borrowing in the year to date is broadly in line with the OBR's Budget 2011 forecast, there remains substantial uncertainty over the medium term, particularly relating to market sentiment towards high-deficit countries, and the UK therefore faces significant risks until fiscal sustainability is restored.

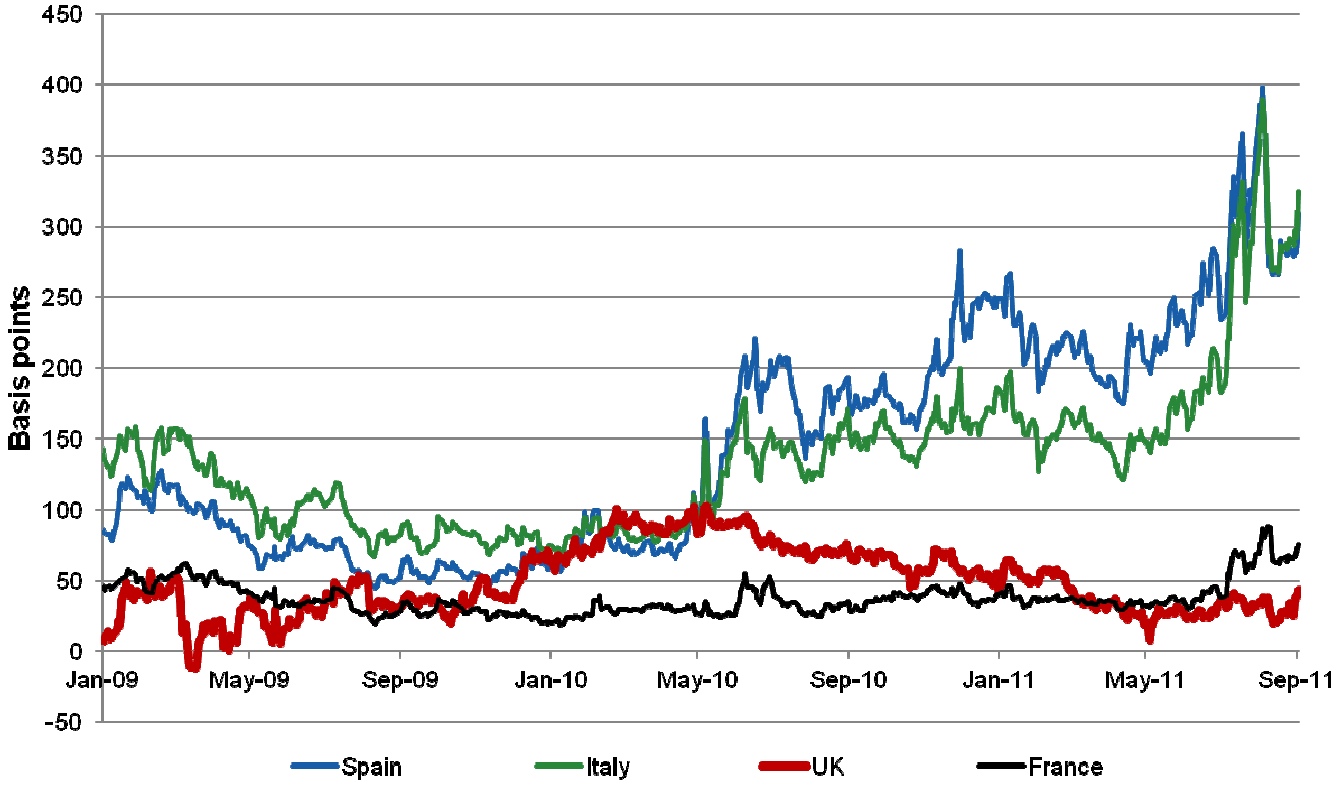
3.28 Other countries whose public finances have been especially affected by the financial crisis and recession, such as Italy and Spain, have faced deteriorations in market

[5] IMF, May 2010 *Fiscal Monitor*, p80. (http://www.imf.org/external/pubs/ft/fm/2010/fm1001.pdf)

sentiment in recent months, with bond yields rising substantially. In contrast, the UK has been protected from the adverse effects of this shift in confidence, with gilt yields reaching record lows. This reflects the credible fiscal policy announced in the UK, and the confidence the markets have in the implementation of the deficit reduction plan.

3.29 Chart 2 below shows the path of the spread between German bunds and bonds issued by the UK and other high-deficit countries. Until the time of the election and the June Budget, UK bond yields moved broadly in line with those of Italy and Spain. After the announcement of the deficit reduction plan, gilt yields diverged and moved onto a consistently lower path, reflecting in large part the scale and credibility of the consolidation on course to be delivered in the UK.

Chart 2: UK bond yields in international context (spread to German Bunds)



3.30 Retaining this credibility is key. Recent evidence in the Eurozone shows that market confidence can be lost rapidly and unexpectedly and, once lost, is difficult to restore. It is therefore essential that the credibility of the fiscal consolidation is maintained, and the continued careful management of public sector pay is a central part of this. In an environment of tight overall spending over the forecast period, pay restraint protects public sector jobs and service quality.

3.31 Illustrating the implications of the consolidation for departmental spending levels, Table 3 shows the resource DEL Budgets for each department, as set at the 2010 Spending Review. An estimated £168 billion in 2010-11 was spent on public sector pay, representing around 50 per cent departmental resource spending.[6]

[6] Source: PESA July 2011 Table 5.3 on pay and PESA 2009/10, HM Government, http://www.hm-treasury.gov.uk/d/pesa_july_2011_chapter5.xlsx. Public sector pay outturn: £168 bn. Public sector Total Managed Expenditure, £691.7bn, RDEL: £346 bn

Table 3: Resource DEL Budgets for each Department (Excluding Depreciation)

	£ billion					Per cent
	Baseline[2]	Plans				
	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative real growth
Departmental Programme and Administration Budgets						
Education[3]	50.8	51.2	52.1	52.9	53.9	**-3.4**
NHS (Health)	98.7	101.5	104.0	106.9	109.8	**1.3**
Transport	5.1	5.3	5.0	5.0	4.4	**-21**
CLG Communities[4]	2.2	2.0	1.7	1.6	1.2	**-51**
CLG Local Government 5	28.5	26.1	24.4	24.2	22.9	**-27**
Business, Innovation and Skills	16.7	16.5	15.6	14.7	13.7	**-25**
Home Office[6]	9.3	8.9	8.5	8.1	7.8	**-23**
Justice	8.3	8.1	7.7	7.4	7.0	**-23**
Law Officers' Departments	0.7	0.6	0.6	0.6	0.6	**-24**
Defence	24.3	24.9	25.2	24.9	24.7	**-7.5**
Foreign and Commonwealth Office	1.4	1.5	1.5	1.4	1.2	**-24**
International Development	6.3	6.7	7.2	9.4	9.4	**37**
Energy and Climate Change	1.2	1.5	1.4	1.3	1.0	**-18**
Environment, Food and Rural Affairs	2.3	2.2	2.1	2.0	1.8	**-29**
Culture, Media and Sport[7]	1.4	1.4	1.3	1.2	1.1	**-24**
Olympics[8]	-	0.1	0.6	0.0	-	**-**
Work and Pensions	6.8	7.6	7.4	7.4	7.6	**2.3**
Scotland[9]	24.8	24.8	25.1	25.3	25.4	**-6.8**
Wales[9]	13.3	13.3	13.3	13.5	13.5	**-7.5**
Northern Ireland[9]	9.3	9.4	9.4	9.5	9.5	**-6.9**
HM Revenue and Customs	3.5	3.5	3.4	3.4	3.2	**-15**
HM Treasury	0.2	0.2	0.2	0.2	0.1	**-33**
Cabinet Office[10]	0.3	0.4	0.3	0.2	0.4	**28**
Single Intelligence Account 11	1.7	1.7	1.7	1.7	1.8	**-7.3**
Small and Independent Bodies[12]	1.8	1.8	1.6	1.5	1.4	**-27**
Reserve	2.0	2.3	2.4	2.5	2.5	**-**
Special Reserve	3.4	3.2	3.1	3.0	2.8	**-**
Green Investment Bank	-	-	-	1.0	-	-
Total	**326.6**	**326.7**	**326.9**	**330.9**	**328.9**	**-8.3**
memo:						
Central government contributions to local government[13]	29.7	27.5	26.3	25.5	24.2	-26
Local Government Spending[14]	51.8	49.8	49.5	49.5	49.1	-14
Central government contributions to police	9.7	9.3	8.8	8.7	8.5	-20
Police Spending (including precept)	12.9	12.6	12.2	12.1	12.1	-14
Regional Growth Fund	**-**	0.5	0.5	0.4	**-**	**-**

1 Depreciation in Resource DEL is drawn from departmental resource accounts and follows International Financial Reporting Standards. This currently differs from National Accounts depreciation, which is used in the calculation of PSCE by the Office for National Statistics.

2 As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to 2010-11 total. Cumulative real growth is calculated using the 2010-11 baseline.

3 Includes the Office of the Qualifications and Examinations Regulator

4 If grants moving to local government are included then CLG Communities growth is -33%

5 LG DEL includes funding for police and fire authorities. Excluding these contributions LG DEL for councils will fall by 28%

6 If contributions to police are excluded then the Home Office growth is -30%

7 The DCMS baseline excludes £85m of broadcasting funding, which the BBC will fund from 2013-14.

8 Olympics is included in DCMS DEL.

9 The Government agreed that as part of the £6.2bn cuts to 2010-11 budgets the Devolved Administrations could defer their cuts to 2011-12. The settlements presented here assume the Northern Ireland Executive take their cuts in 2010-11, the Scottish Executive take their cuts in 2011-12, and the Welsh Assembly Government split their cuts equally between 2010-11 and 2011-12. These settlements are subject to change as the Devolved Administrations finalise their spending plans.

10 Includes one-off funding in 2014-15 for Individual Electoral Registration (£85m) and the costs of the 2014 election to the European Parliament (£120m). Excluding these, the core Cabinet Office settlement will be cut by 35%.

11 Includes SIA contribution to National Cyber Security Programme

12 A more detailed breakdown of small and independent bodies' is set out in Table A12

13 Values and profile based on indicative allocations from departments.

14 Includes the OBR's forecast for growth in council tax receipts

Labour market context

3.32 Whilst there have been improvements in the labour market, risks remain. Employment has started to recover, driven by the rise in private sector employment; ILO unemployment has fallen but remains close to the 8 per cent peak reached in the second quarter of 2010.

3.33 All labour market indicators still have a long way to recover to get back to their pre-recession conditions, and some trends suggest that underlying labour demand remains tentative. This is in line with the OBR's view that "employment will be largely flat in 2010 and 2011 before picking up steadily from 2012 as output growth returns to above trend rates".[7]

Employment and unemployment

3.34 Private sector employment reached 23.13m in the second quarter of 2011, having risen for six consecutive quarters, by a total of 617,000. The rise in private sector employment has largely offset the decline in public sector employment, which fell by 290,000 over the same period – more than 2 private sector jobs were created for each job lost in the public sector.

3.35 Despite the growth in employment, the employment rate (proportion of the population aged 16 to 64 in employment) has remained broadly flat over the past two years. In the three months to July 2011, the employment rate was 70.5 per cent, 2.5 percentage points below its peak at the start of 2008.

3.36 Involuntary part-time work also remains widespread among those in employment; in the three months to July 2011, around 16.7 per cent of all part-time workers (about 1.28m people) were working part-time because they could not find a full-time jobs. This is up by around half a million people since the recession started.

3.37 The ILO unemployment rate has risen from a trough at 5.2 per cent in the first quarter of 2008 and has peaked so far at 8.0 per cent in the first quarter of 2010. In the latest data (three months to July 2011), the unemployment rate was at 7.9 per cent (approx 2.510m people), slightly up on the year.

3.38 Youth unemployment (unemployment among those aged 16 to 24) reached a record high in the three months to January 2011, with 974,000 people aged 16 to 24 unemployed. In the latest data, youth unemployment was close to this record high, with 973,000 unemployed (20.8 per cent of all active young people).

3.39 Long-term unemployment (unemployment spells of 12 months and over) has more than doubled since the start of 2008, but the incidence of long-term unemployment remains limited when compared to previous recessions. 33.8 per cent of all unemployed people (849,000 people) had been unemployed for more than 12 months in the three months to July 2011.

3.40 The claimant count (number of people claiming Jobseeker's Allowance) has been rising for the last six months, between February and August 2011, by a total of 131,000. The

[7] OBR Economic and Fiscal Outlook, March 2011

monthly increase recorded in August 2011 (+20,300) was slower than in previous months and below market expectations. Slower monthly outflows (number of people leaving the count) may also suggest that underlying labour demand still remains tentative. Table 4 summarises these statistics:

Table 4: Labour market statistics summary (Levels in 1,000's, rates in %)

	2008	2009	2010	Latest*
Employment level (All aged 16 and over)	29,440	28,960	29,035	29,169
Employment rate (All aged 16 to 64)	72.6	70.9	70.5	70.5
Unemployment level (All aged 16 and over)	1,783	2,394	2,479	2,510
Unemployment rate (All aged 16 and over)	5.7	7.7	7.8	7.9
Youth unemployment level (All aged 16 to 24)	744	914	934	973
Youth unemployment rate (All aged 16 to 24)	15.1	19.2	19.8	20.8
Claimant count	906	1,528	1,497	1,581

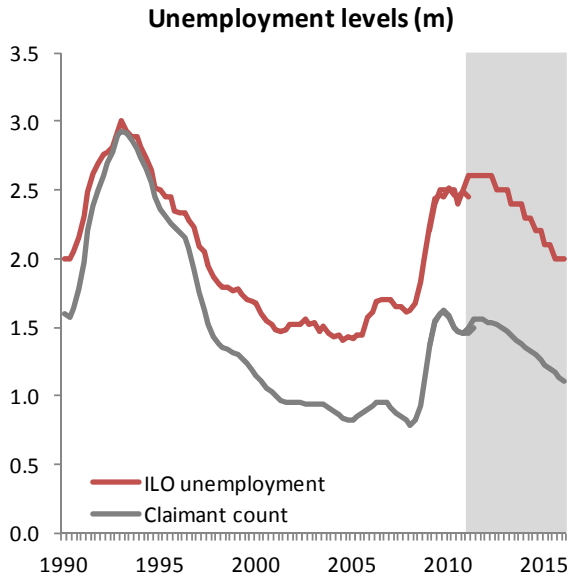
**Latest data: 3 months to July 2011 for LFS data, August 2011 for claimant count data*

The OBR forecast

3.41 At Budget 2011 (March 2011 Economic and fiscal outlook), the OBR forecast that employment will be largely flat between 2010 and 2011, before picking up steadily from 2012 as output growth returns to above trend levels.

OBR Forecast

3.42 Consistent with the path for employment, the OBR expected unemployment to rise through the start of 2011, with the ILO unemployment rate forecast to increase to 8.3 per cent in the second quarter of the year. The OBR also expected the claimant count to pick up to 1.56 million in the second quarter of 2012.



3.43 Looking over the forecast period, the OBR expects total employment to increase by 900,000 between 2010 and 2015 - an increase in market sector employment of around 1.3 million partly offset by a reduction in general government employment of around 400,000 between 2010-11 and 2015-16.

Recruitment and Retention

3.44 Recruitment potential has remained strong in the economy as a whole, reducing some of the upward pressure on pay. Having recovered slightly through the second half of

2009, vacancy levels published by the ONS have remained broadly flat at just above 450,000 in the 3 months to August 2011 (excluding the census effect) for the past year and a half. The number of unemployed for each vacancy has remained above five since the end of 2009, more than twice the pre-recession average.

3.45 Turnover rates have also generally fallen in the past few years[8] suggesting that the Public sector continues to have few difficulties in retaining staff. In particular, table 5, using CIPD data, shows that the median leaving rate is lower in the public sector than all sectors surveyed. This has continued to fall despite the public sector pay freeze announced in 2010.

Table 5: Median Turnover Rates by Industry (%) [11]

	All Leavers			Voluntary Leavers		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
Private Sector Services	13.8 (-0.8)	14.6 (-2.2)	16.8 (-3.6)	8.7 (+1.3)	7.4 (-3.0)	10.4 (-3.0)
Public Services	**8.5 (-0.1)**	**8.6 (-4.0)**	**12.6 (-0.9)**	**3.4 (-2.4)**	**5.8 (-1.8)**	**7.6 (-1.8)**
Manufacturing and production	9.3 (-3.1)	12.4 (-2.9)	15.3 (+0.3)	3.7 (+1.0)	2.7 (-5.0)	7.7 (-1.5)
Voluntary, Community and not-for profit	13.1 (-2.8)	15.9 (-0.5)	16.4 (-2.0)	7.0 (-3.2)	10.2 (-0.8)	11.0 (-1.0)

3.46 As noted in Table 3, the Spending Review set out an average 8.3% cuts in real terms to Departmental Resource Budgets over the Spending Review period. Recruitment requirements will continue to be lower over the coming years as Departments come under pressure to reduce their staffing numbers and costs.

Public and Private Sector Earnings

3.47 Pay in the public sector continues to be, on average, above that of the private sector – and the gap between the sectors has increased since the shock of 2008. This has been due primarily to the greater ability of the private sector to respond quickly to circumstances, whereas the public sector continues to make its adjustment.

3.48 A 2011 study by the Office for National Statistics estimated the differences between public and private sector pay after controlling for the type and characteristic of employees[9]. It found that there was a pay premium attached to working in the public sector prior to the recession in 2007, at an average of of 5.3%, although there are differences between workforces, levels of skill and region. The ONS found that, following the recession, the premium attached to working in the public sector had widened, to an average of 7.8% in April 2010 – and the Institute for Fiscal Studies found a similar premium, of 7.5%[10].

[8] *Resourcing and Talent Planning* : CIPD annual survey report 2011. Bracketed is ppt change from previous year
[9] ONS release: July 2011 www.statistics.gov.uk/articles/.../public_private_sector_pay_july2011.pdf
[10] The IFS Green Budget, February 2011 http://www.ifs.org.uk/publications/5460

3.49 This change is due to the fact that the overall reduction in average nominal average earnings growth at the start of the recession was driven by the private sector. Public sector pay growth adjusted down more progressively, due in part to the decision of the previous Government to maintain existing multi-year deals.

Changes in average earnings

3.50 Whole economy regular pay (which is total pay excluding bonuses) growth fell from above 4 per cent in the years preceding the recession, to a trough at 0.2 per cent at the end of 2009.

3.51 Private sector regular pay grew by only 1.2 per cent in 2009 and 1.4 per cent in 2010, against 3.0 per cent in 2009 and 2.3 percent in 2010 in the public sector (excluding financial services).[11] Widespread pay freezes were reported in the private sector over 2009-2010, contributing largely to the slowdown in regular pay growth: in 2009, 30 per cent of all employees covered by settlements recorded by IDS reported a pay freeze and 25 per cent in 2010. This is compared to a pre-recession average of around 1 per cent.[12]

3.52 Bonuses dropped sharply in 2009 compared with 2008, putting more downward pressure on total pay (pay including bonuses). Pay growth in the whole economy turned negative through the start of 2009, falling from around 4 ½ per cent prior to the recession to a trough at -2.7 per cent in the first quarter of 2009. The partial recovery in bonuses supported stronger total pay growth in 2010. Private sector pay fell by nearly 1 per cent in 2009, before growing by just below 2 per cent in 2010. In contrast, public sector total pay grew by 2.8 per cent in 2009 and 2.1 per cent in 2010.

3.53 Private sector regular pay growth recovered slightly towards the end of 2010, mostly driven by stronger pay growth in finance and business services (and an initial uptick in manufacturing), but remains below its pre-recession average. It has now been around 2 per cent for the past 9 months and currently stands at 2.2% overall.

3.54 Although pay freezes in the private sector are not as widespread as in 2009-10, nearly one in ten employees still reported a pay freeze through the first five months of 2011. Bonus levels have risen strongly in the past couple of months across broadly all private sector industries (including manufacturing, finance and business services and retail and hotels and restaurants), supporting slightly stronger total pay growth in the private sector (3.1 per cent in the three months to July 2011).

3.55 Public sector pay growth remained at around 2 per cent throughout the past year and has continued to decline progressively going into 2011 as more workforces entered the freeze. Table 6 sets out the differences in regular and total pay growth across years in the public and private sector.

[11] ONS, Average Weekly Earnings
[12] Income Data Services Pay Online settlements database.

Table 6: Differences in Regular (ex. Bonuses) and Total pay growth

	Total pay, annual growth			Regular pay, annual growth		
	All	Private	Public*	All	Private	Public*
2006	4.7%	5.0%	3.5%	3.9%	4.1%	3.4%
2007	4.8%	5.4%	3.3%	4.2%	4.4%	3.2%
2008	3.6%	3.5%	3.5%	3.7%	3.7%	3.6%
2009	-0.1%	-0.9%	2.8%	1.8%	1.2%	3.0%
2010	2.2%	1.9%	2.1%	1.9%	1.4%	2.3%
3 months to July 2011	*2.8%*	*3.1%*	*1.6%*	*2.1%*	*2.2%*	*1.8%*

Sources: ONS, AWE; HMT calculations

*Public sector excluding financial services

3.56 Despite the pay freeze, average earnings in the public sector (as measured by the ONS) still display positive growth for a number of reasons: the provision of £250 to those earning £21,000 or less, upwards pay drift due to constrained recruitment, and the fact that some three year pay deals only ended in September 2011.

Public Service Pensions

3.57 When considering changes to remuneration, it is important to consider the overall value of the public sector reward package. As set out above, pay in the public sector continues to be above that of the private sector. However, there are many reasons aside from pay that may drive an individual's decision as to whether they will work in the public or private sector. Pay is only one part of the total reward package, which includes factors such as learning and development opportunities and the ability to work flexibly.

3.58 One major factor in the overall reward package is pension provision. It is widely acknowledged that this is significantly more generous in the public sector. In recent decades there has been a sharp decrease in the provision of private sector defined benefit schemes. Currently around 85% of public sector employees are members of employer sponsored pension schemes, compared to only 35% in the private sector.

3.59 The final report of the Independent Public Service Pensions Commission[13] chaired by Lord Hutton, was published on 20 March 2011. This made a strong and urgent case for change, making a number of recommendations for reform of public service pensions based on the principles of sustainability, affordability and fairness to both public servants and other taxpayers. The Government has accepted Lord Hutton's recommendations for reform of public service pensions as a basis for consultation with public servants, trades unions and others. These reforms would mean that public service pensions would remain among the very best available – and accrued rights will be protected.

3.60 One aspect of Lord Hutton's recommendations are changes to the contributions made by public servants towards their pensions. This was made to ensure a fairer distribution of costs between members and taxpayers. The previous Government had estimated that the existing "cap and share" arrangements would deliver £1 billion of savings in 2012-13. On 19 July 2011 the Government announced that formal consultation would take

[13] IPSPC Final Report, 10 March 2011, http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm

place on increasing members contributions to public service schemes to deliver savings of £1.2 billion in this year.

3.61 However, the Government has made clear that lower earners should be protected from the impact of any contribution increases, proposing that:

- there should be no increase in member contributions for those earning under £15,000
- no more than a 0.6 percentage point increase in total (before tax relief) in 2012-13 for those earning up to £21,000.

3.62 Putting together the evidence on pension provision and pay levels – and recognising that there will be significant variation between and within individual workforces - the overall remuneration of public sector employees is above that of the market. Given this evidence, the Government is clear that any changes to public service pensions, including the proposed increase in contributions from 2012-13, do not justify any changes to the pay freeze policy in this year.

CHAPTER 4: TOTAL REWARD - PAY, ADDITIONAL BENEFITS AND PENSIONS

Introduction

4.1 The NHS workforce enjoys a competitive reward package, of which pay forms a significant element. This chapter considers issues which are relevant to that package:

- basic pay for Agenda for Change staff, and issues of possible "leapfrogging" in pay uplifts this year and any equality issues;
- other elements of financial reward including "on call" payments under the Agenda for Change Pay Framework (including recent changes to those elements);
- recruitment and retention premia (please note that the issue of such premia for junior pharmacists is discussed in chapter 5 below);
- the Knowledge and Skills Framework;
- pensions; and
- total reward in the NHS.

The NHS Reward Package

4.2 The NHS employs approximately 1.3 million people, and 70% of its costs relate to pay and benefits. The broad range of benefits available to all NHS staff includes childcare, flexible working, and continual professional development. These benefits, coupled with effective social partnerships and sound employment practices, have enabled the Service to improve staff recruitment and retention, and help staff deliver transformational change.

4.3 The Department meets with the main health unions and NHS Employers on a regular basis through the Social Partnership Forum, with a view to discussing, debating and supporting the development and implementation of workforce policy. Additionally, the Department has a contract with NHS Employers to provide services to NHS employing organisations, including the provision of guidance on good employment practice, to support improvements to the working lives of NHS staff as a path to better patient care.

4.4 Increasingly, the Department's ability to understand and tailor the NHS reward package is informed by data from the Electronic Staff Record (ESR) programme, which provides a single integrated HR and Payroll solution to NHS organisations[14]. Additionally, ESR provides staff with direct access to sections of their personal records, includes a Learning Management tool giving staff direct access to selected education and training opportunities and career development, and enables trusts to record staff training.

Pay – Agenda for Change Staff

4.5 As discussed in Chapter 1, 2012-13 is the second year of the government's two-year pay freeze for all public sector workforces. However, as last year, the freeze will not apply to those earning a full-time equivalent salary of £21,000 or less, who will receive an annual salary increase of at least £250. **The Department's position remains that all staff earning £21,000 or less should receive a flat rate increase of £250. This meets the Government's objective of ensuring that the lowest paid are protected**

[14] ESR covers HCHS staff in Trusts, PCTs, Care Trusts, SHAs and some arms-length bodies

from the freeze. In percentage terms, the rise would amount to 1.8% at pay point 1 of Agenda for Change, falling to 1.2% at point 15, the last point below £21,000.

Staff Earnings

4.6 Annex B shows the Agenda for Change pay scale from 1 April 2011. Staff within Agenda for Change currently have a basic salary minimum of £13,903 at the bottom of Band 1, rising to £97,478 at the top of Band 9. This makes the minimum wage for NHS workers £7.11 per hour (from April 2011) which is over 17% above the proposed October 2011 national minimum wage of £6.08 per hour.

4.7 Details of the average basic and total earnings for NHS staff are provided in the NHS Information Centre's quarterly earnings survey. The most recent survey, published in June 2011, analyses earnings for the period from January to March 2011. For this evidence, the Department has compared the earnings in that period of groups of NHS staff which include significant numbers of those with average basic pay of £21,000 or less, with the same period in 2010. This shows that **for those groups basic pay has risen by an average of 4.4% and total earnings by 3.9%**. The figures for representative staff groups are as follows:

Table 4.1: AVERAGE BASIC PAY AND TOTAL EARNINGS BY STAFF GROUP

	BASIC PAY			TOTAL EARNINGS		
	Jan-March 2010	Jan-March 2011	*% change from last year*	Jan-March 2010	Jan-March 2011	*% change from last year*
Qualified Nurses	29,200	30,200	*3.4*	33,600	34,600	*3.0*
Unqualified Nurses	16,400	17,000	*3.7*	20,100	20,600	*2.5*
Healthcare Assistants	15,400	16,000	*3.9*	18,900	19,400	*2.6*
Unqualified ST&T Staff: Allied Health Professionals	17,200	17,900	*4.0*	18,200	18,900	*3.8*
Unqualified ST&T Staff: Other (including healthcare scientists)	18,000	19,300	*7.2*	19,700	20,900	*6.1*
Former Pay Negotiating Council Groups	24,700	25,700	*4.0*	26,300	28,000	*7.6*
Admin & Clerical	20,800	21,800	*4.8*	22,100	23,600	*6.8*
Maintenance & Works	21,300	21,900	*2.8*	27,400	27,900	*1.8*

4.8 All staff groups have seen an increase in *average basic earnings* over the last year.

Distribution of Staff across Paybands

4.9 Estimates based on an analysis of September 2010 Electronic Staff Record (ESR) and Health & Social Care Information Centre Workforce Census data suggests approximately 350,000 full time equivalent (FTE) HCHS staff earn under the £21,000 Basic Pay per FTE threshold. In headcount terms this is around 450,000 individuals.

This equates to over a third of all HCHS staff and approaching 40% of non-medical staff. Of the remainder, around 50% of Agenda for Change staff are in bands 5-7 and 7% in Bands 8 and 9, all of whom will be subject to the pay freeze.

4.10 Tables 4.2 and 4.3 give these estimates split by staff group. Annex C also provides equivalent information for prior years.

Table 4.2: Estimated HCHS FTEs with Basic Pay per FTE under £21k by Staff Group

	2010/11		
Staff Group	**Total FTEs**	**Estimated % with Full Time Equivalent Basic Pay <£21k**	**Estimated FTEs with Full Time Equivalent Basic Pay <£21k**
Qualified nursing	322,190	0.0%	-
Unqualified Nursing, HCA and Support	197,247	96.5%	190,276
ST&Ts	170,511	19.7%	33,578
Admin & Clerical	214,902	56.5%	121,397
Maintenance & works	10,053	43.3%	4,356
Ambulance Staff	25,083	26.5%	6,637
Managers	40,094	0.3%	131
Other	307	16.8%	52
All Non-Medical HCHS Staff	980,387	36.4%	356,426
All HCHS Staff	1,078,023	33.1%	356,426

Table 4.3: Estimated HCHS Headcount with Basic Pay per FTE under £21k by Staff Group

	2010/11		
	Total Headcount	**Estimated % with Full Time Equivalent Basic Pay <£21k**	**Estimated Headcount with Full Time Equivalent Basic Pay <£21k**
Qualified nursing	389,290	0.0%	-
Unqualified Nursing, HCA and Support	255,203	96.7%	246,723
ST&Ts	198,443	20.5%	40,632
Admin & Clerical	253,239	59.8%	151,468
Maintenance & works	10,607	45.2%	4,797
Ambulance Staff	26,375	27.3%	7,205
Managers	41,962	0.4%	150
Other	356	19.2%	68
All Non-Medical HCHS Staff	1,175,475	38.4%	451,044
All HCHS Staff	1,279,951	35.2%	451,044

Notes for both tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.

2. Data cleaning processes are applied to the ESR extracts before use.

3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.

4.11 The Review Body has previously asked for information on the numbers of staff at each Agenda for Change pay band and spine point including data on the numbers and proportions of staff at the top of each pay band. This information is contained in the Tables at Annex D. This shows that around a third of AfC staff are at the top of their pay band although this does vary by band.

Distribution across AfC Bands of Building Craftworkers & Associated Job Roles

4.12 In previous reports the Review Body has asked for further information on the distribution building craft workers. This is set out in Tables 1 and 2 in Annex E and indicates the number and distribution of staff by AfC band, for both FTEs and Headcount, as at September 2010 for the following job roles:

- Building Craftsperson
- Carpenter
- Building Officer
- Electrician
- Engineer
- Fitter
- Maintenance Craftsperson
- Painter/Decorator
- Plumber

4.13 Estimates are based on an analysis of September 2010 Electronic Staff Record (ESR) and Health & Social Care Information Centre Workforce Census data.

4.14 This analysis includes all records in ESR assigned to each of the job roles. It is evident that there are records where the job role does not appear to correspond to the type of post implied by the occupation code, for instance an Engineer is recorded against an occupation code that would be associated with an Admin & Clerical post. However, this potential miscoding only applies to a small proportion of staff, and therefore inclusion of these records will not materially affect the analysis.

4.15 Given that there is not a universal labelling description of the job roles in ESR, for instance a Building Officer could be described as an 'Officer' or 'Manager', it is likely that this analysis will not represent full coverage of the staff numbers belonging to each of the job roles.

4.16 The Information Centre are currently undertaking several projects to improve the consistency with which organisations input and maintain the 'job role' field in ESR.

4.17 Each of the job roles cross over more than one pay metric group. The total numbers of staff by job role will therefore not match Table 1 in Annex H, which provides a breakdown of the numbers of staff earning above and below £21K per FTE by consolidated job role within each pay metric group. In this analysis, staff belonging to job roles which only represent a small proportion of the pay metric group were consolidated within the 'Other' category.

The Effects of the Government's Uplift Proposals

4.18 The Government's proposal is that all staff earning £21,000 or less should receive a flat rate increase of £250. The current value of each pay point for those staff, the value of each increment, and the total value of the incremental rise and £250 uplift combined, are as follows.

Table 4.4: The Effects of the Government's Uplift Proposals

Pay Point	Basic Pay per FTE (£)	Value of increment (£)	Value of increment (%)	Total increase if pay £250 to all below £21k (£)	Total increase if pay £250 to all below £21k (%)
1	13,903	355	2.6	605	4.4
2	14,258	356	2.5	606	4.3
3	14,614	415	2.8	665	4.6
4	15,029	415	2.8	665	4.4
5	15,444	416	2.7	666	4.3
6	15,860	535	3.4	785	4.9
7	16,395	608	3.7	858	5.2
8	17,003	365	2.1	615	3.6
9	17,368	486	2.8	736	4.2
10	17,854	548	3.1	798	4.5
11	18,402	425	2.3	675	3.7
12	18,827	673	3.6	923	4.9
13	19,500	683	3.5	933	4.8
14	20,183	621	3.1	871	4.3
15	20,804	622	3.0	872	4.2

4.19 The minimum increase for staff who are due to receive an increment in addition to the £250 uplift is therefore 3.6%. The average value of increments for staff on pay points 1-15 is 2.9%. Further information on the effect of the proposed uplift and progression are at annex F.

4.20 As shown in annex D, around a third of AfC staff are at the top of their pay band (although this does vary by band) and will therefore only receive the basic £250 uplift. The lowest basic pay increases for those staff with basic pay under the £21k threshold are now 1.3% and 1.5% for those at the top of bands 3 and 2 respectively.

4.21 Our analysis estimates that the proposal would add in the order of £125m to the HCHS paybill compared to progression alone. This reflects the impact on aggregate basic pay plus the knock-on impacts on additional earnings linked to basic pay rates as well as the implications for employer National Insurance Contributions and pension contributions.

Tapering/Leapfrogging

4.22 Last year, the NHSPRB has asked for the Department's views on the tapering of any award, and the possible risk of "leapfrogging".

4.23 The Government's position remains as last year that all staff earning £21,000 or less should receive a flat rate increase of £250. This removes any risk of leapfrogging, as all pay points would receive the same uplift. The difference between point 15 (£20,804) and point 16 (21,176) is £372 therefore no "leapfrogging" takes place if the uplift for 2012-13 reflects the government's position on the uplift . Any recalibration of the system which might prove to be necessary to address the proximity of the pay points may be carried out following the end of the pay freeze.

Equality Issues

4.24 As part of its standing terms of reference the NHSPRB has a duty to take account of legal obligations on the NHS including anti-discrimination legislation and has asked all

parties to address in their written evidence whether there are any matters in this area which they wish to bring to their attention or to confirm that there are no such matters. We can confirm that there are no specific issues for consideration under the remit for 2012/13.

Agenda for Change – Terms and Conditions

4.25 Since 2004, all directly-employed NHS non-medical staff on national terms (other than Very Senior Managers) have been paid in accordance with Agenda for Change. Based around objective job evaluation, and with specific regard to equal pay requirements, the framework covers around 1.1 million NHS staff in jobs ranging from porters, cleaners and ward clerks, to Nurse Consultants, biomedical scientists and Finance Managers.

4.26 Under Agenda for Change, staff are placed in one of nine pay bands on the basis of their knowledge, responsibility, skills and effort needed for the job - rather than on the basis of their job title. They should receive annual appraisal and development reviews and have personal development plans. In addition to annual incremental progression, staff may receive local or national recruitment and retention premia (RRP), or high-cost area supplements (inner London, outer London and fringe). Staff also enjoy the same basic conditions of service (working hours, leave, etc.) as everyone else in their pay band.

4.27 Last year, we reported on the NHS Staff Council's work on updating Agenda for Change terms and conditions of service. In particular we reported that new principles had been introduced in November 2010 to establish a more consistent approach to on-call across the NHS and allow local negotiation of harmonised arrangements for on-call. NHS Employers is currently seeking information from employers in England on the progress they are making towards the harmonisation of their local on-call arrangements and hope to be able to report on progress in the autumn.

4.28 As reported last year, IES was appointed to work with relevant stakeholders to develop and agree the re-design and simplification of the Knowledge and Skills Framework whilst maintaining its core aims and principles. This work is now complete and a range of resources and practical tools to support employers are available on NHS Employers website. We expect these changes to drive up appraisal rates

Recruitment & Retention Premia (RRPs)

<u>The Use of General and Long Term RRPs</u>

4.29 In the past, the NHSPRB has expressed an interest in the Department's data on the use of RRPs in the NHS. An analysis was provided last year, and this year the Department has sought to provide further analysis and year-on-year comparisons (subject to caveats on the data, which are set out later in this section). Estimates are based on an analysis of June 2010 and June 2011 Electronic Staff Record (ESR) data.

4.30 RRPs are recorded as either 'General' or 'Long Term' in ESR and the main distinctions appear to be as follows:

- General RRPs are short-term payments, awarded on a one-off basis or for a fixed term. We assume that these payments relate to local RRPs only.

- Long Term RRPs are awarded on a long-term basis and become an integral part of basic salary, in that they are pensionable and count for the purposes of payments linked to basic pay, such as overtime and unsocial hours payments. We assume that these payments relate to both local and national RRPs.

4.31 This analysis focuses on those individuals who have a positive payment recorded in the 'General' or 'Long Term' RRP fields in ESR. It is unknown, and would be difficult to assess, the extent to which RRPs are recorded in other payment fields in ESR, such as the 'Local' payment field for example.

4.32 Tables 1-4 in Annex G indicate both the proportion of staff FTEs recorded as receiving a RRP (either a General or Long Term RRP) by staff group and AfC Band, and the distribution of the number of RRPs received across AfC Band for each staff group, for the periods June 2010 and June 2011.

4.33 The tables indicate that the proportion of staff receiving a RRP has decreased slightly from June 2010 to June 2011 across all staff groups. The Qualified Nursing and Maintenance & Works categories continue to have significantly higher than average proportions of staff receiving a RRP. The majority of Qualified Nurses in receipt of a RRP are in Bands 5, 6 and 7; whilst the majority of Maintenance staff are in Bands 4 and 5.

4.34 Table 5 in Annex G indicates the proportion of staff FTEs in receipt of a RRP by a consolidated selection of job roles for each pay metric group. The consolidated selection of job roles aims to aid interpretation by producing a manageable list of job roles, highlighting the job roles that account for the largest proportions of the total RRPs received by each pay metric group.

Data Quality

4.35 The AfC Terms and Conditions of Service Handbook (para 5.13) suggests that the combined value of any nationally and locally awarded RRP should generally not exceed 30% of basic salary (though this is subject to discretion). This is therefore a good indicator that can be used to assess the quality of recording of RRPs in ESR.

4.36 The ESR dataset used in this analysis suggests that the number of individuals for both periods (June 2010 and June 2011) receiving more than 30% of their basic pay as an RRP has reduced to less than 0.3%. This would appear reasonable given that the 30% limit is subject to discretion. These improvements are likely to be a direct result of a new approach that we have adopted to filter the ESR data, which has increased our ability to interpret the data. The data cleaning filters that we have developed are similar to those used by the Information Centre for the data they use in publications such as the Quarterly Earnings Survey. This means that the ESR data we use is a sample, but it is a reliable sample that we can have greater confidence in and can use in greater detail.

4.37 On average, the RRP received was 3.7% of basic pay for both June 2010 and June 2011.

The National RRP (nRRP) Review

4.38 Following the Employment Tribunal, judgement on the *Hartley v Northumbria Healthcare NHS Trust and Others* (2008) equal pay test case NHS Employers (on

behalf of the NHS Staff Council) commissioned an independent review of national RRPs. This report was published in November 2010.

4.39 The report, which the Review Body has seen, recommended that the two existing nRRPs for maintenance craft workers and chaplains should be converted to local RRPs where necessary although in the case of maintenance craft workers this should be reviewed in two or three years.

4.40 The review also looked at the other staff groups listed in Annex R and in no case did it recommend a nRRP.

4.41 As a result of the review the NHS Staff Council has agreed that the nRRP for maintenance craft workers should cease for all new starters from 31 March 2011 and put in place transitional arrangements for existing staff. For chaplains, the nRRP was to be withdrawn or replaced with a local RRP. Where it was withdrawn similar transitional arrangements would be put in place as for craft workers.

The NHS Pension Scheme

4.42 The current NHS Pension Scheme (NHSPS) is a defined benefit occupational scheme linked to salary. Benefits for most staff in the 1995 Section of the NHSPS are based on 1/80ths of pay for each year of service, includes a separate lump sum, life assurance, ill health, partner and dependent benefits. Unreduced pensions are payable at the normal pension age of 60, based on the best of the last three years' pensionable pay. Since April 2008, most staff can increase their separate lump sum payment by commuting (or giving up) some of their pension.

4.43 Regulations came into effect from 1 October 2009 to allow all contributing members of the 1995 Section of the Scheme a choice (described as the *NHS Pension Choice Exercise*) to either remain in the 1995 Section, or transfer their accrued service to the 2008 Section of the Scheme. The 2008 Section, open to new entrants since April 2008, has a normal pension age of 65, a 1/60th pension but no automatic lump sum, but members are able to commute part of their pension in order to secure a lump sum payment. Pensions in the 2008 Section are based on an average of the best three consecutive years in the last 10 years.

4.44 As part of the Pension Choice Exercise, eligible members of the 1995 Section receive a personalised pension statement, which compares benefits in the 1995 and 2008 Sections of the NHSPS, as well as an explanatory guide and a DVD to help inform their decision. The Pension Choice Exercise is due to end on 31 March 2012. There are two stages of Choice activity within each Strategic Health Authority with staff aged 50 and over offered Choice during 2010/2011 and staff aged 49 and younger during 2011/2012. The first stage (for those over 50) has now been successfully completed and approximately 5% of staff have elected to transfer to the 2008 Section of the NHSPS. However in total there are now around 400,000 staff on the 2008 arrangements – which includes those making the decision through Choice and new staff.

<u>The Emergency Budget of June 2010</u>

4.45 The Government announced in the Emergency Budget in June 2010 that benefits, the state second pension and public service pensions would be uprated by the Consumer

Prices Index from April 2011. CPI is already in use by the Bank of England and is a more appropriate measure to reflect the inflation experiences of benefit and pension recipients. The change to CPI is also a key element of the Government's deficit reduction programme. While the CPI is generally - but not always - lower than RPI NHS Pensions continue to be protected against price increases and uprated in line with state second pensions.

4.46 This change does not just impact on members of the NHS Pension Scheme, but on all members of occupational pension schemes and recipients of the state retirement pension. It also applies to Government benefits and tax credits.

The Review of Public Service Pension Schemes

4.47 On 20 June 2010, the Government announced the establishment of an Independent Public Service Pensions Commission (IPSPC), led by Lord Hutton of Furness.

4.48 The Commission published an interim report on 7 October and the final report was published on 10 March 2011. The report recommended changes to public sector pensions, including the NHS Pension Scheme.

4.49 The report highlights the importance of providing good quality pensions to public servants, rejects a race to the bottom in pension provision, but concludes that there is a clear rationale for public servants to make a greater contribution if their pensions are to remain fair to taxpayers and employees, and affordable for the country. At the Spending Review, the Government accepted Lord Hutton's recommendations as the basis for consultation with Trades Unions and others

4.50 The Government also announced plans to increase pension contribution rates for scheme members by an average of around 3.2 percentage points for all public sector schemes including the NHS. This is in recognition of the fact that the taxpayer has largely paid for the increased cost of pensions due to increased life expectancy and that it is right that the balance should be shifted towards the employee. We are currently consulting on year one of these arrangements for implementation from April 2012.

4.51 The increase in contributions will recognise the importance of protecting the lower paid and recognising that higher earners should pay higher contribution rates given the higher level of benefits they receive in final salary arrangements. Those staff earning less that £15,000 a year would pay no extra in contributions to their pension.

4.52 The Government is currently discussing with Trade Unions the planned increases in employee contribution rates for years two and three and future pension arrangements and there will be a further announcement in Autumn 2011.

4.53 Independent research by the IFS in February this year suggested that, overall, there remains a public sector pay premium over the private sector, adjusting for the relevant skills and experience - and Lord Hutton concluded that these remain significantly more generous than private sector pensions, on average. Given this evidence, the Government is clear that any changes to pensions, including the proposed increase in contributions from 2012-13, do not justify upwards pressure on pay.

4.54 As the new public service pension arrangements become clearer, properly communicating the value of the NHSPS as part of the overall reward package will become increasingly important for employers and staff.. Exploratory work continues, with the aim of ensuring that the value of pensions and the total reward package are fully communicated to staff. This is likely to include:

- the development and delivery of Annual Benefit Statements (ABS) for all staff, which shows the value of personal and family benefits;
- the opportunity to expand ABS to include details of the overall reward package (annual leave, redundancy benefits etc); and
- the development of flexible benefits (for example, the ability to "sell" annual leave).

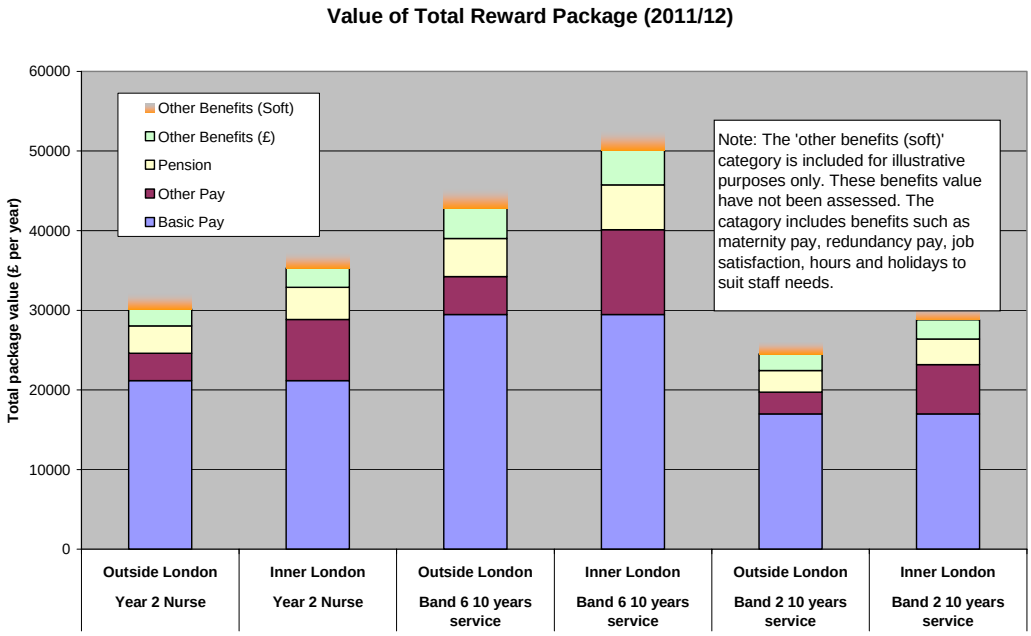
Total Reward

4.55 The Department strongly believes that the general NHS reward package remains highly competitive including the pension element and is a valuable retention and recruitment tool. The current package includes:

- a generous defined benefit occupational scheme linked to final salary pension;
- maximum annual leave entitlement of 41 days holiday (compared with 28 days statutory entitlement;
- sick pay entitlement for most staff based on 6 months full and 6 months half pay;
- maternity leave;
- a no fault injury benefit scheme; and
- service-related entitlement to redundancy pay of up to 2 years' salary.

4.56 The following table expresses the value of the total employment package for nurses in monetary terms, at various career stages. As well as basic pay, it includes a representative value of current employer pension contributions at the actual rate paid. It also includes the value of the additional holiday allowances, and of sick pay provisions (based on average sickness absence levels), in excess of statutory provision.

Table 4.5



4.57 For a Band 6 nurse outside London with 10 years' service, the value of these benefits over statutory provision, along with employer pensions contributions, is over £10,000. These elements form nearly 20% of the value of the total reward package such that the basic pay of a Band 6 nurse comprises only around 70% of their total reward.

4.58 **In summary, the Government believes that the NHS continues to offer a comprehensive reward package and would draw the NHS PRB's attention to the following recent changes:**

- **earnings continue to rise across the NHS's Agenda for Change workforces due to both incremental and career progression;**
- **revisions have recently been made to terms and conditions covering on-call arrangements being taken forward in partnership;**
- **the need for employers to make use of local recruitment and retention premia remains low, with little significant year-on-year change;**
- **the revised Knowledge and Skills Framework is addressing the concerns raised by the NHS in the past;**
- **opportunities for development in the NHS remain strong.**

4.59 **Even during these difficult economic circumstances, the NHS reward package continues to be highly attractive, and the Department believes that the NHSPRB should take full account of this in considering its recommended uplifts for lower paid staff.**

CHAPTER 5: NON-MEDICAL WORKFORCE, PLANNING & DELIVERY

Introduction

5.1 As chapters 1-4 have made clear, the Government regards issues of affordability as central to NHS pay uplifts this year. However, the Government considers that NHS workforce-specific issues of staffing levels, recruitment and retention, and staff motivation remain fully relevant to the consideration of the 2012/13 uplifts.

5.2 The Government considers that the evidence in these areas supports its strong conviction that a flat rate uplift of £250 is appropriate for NHS staff earning basic salaries of £21,000 or less:

- recruitment and retention is healthy;
- staff numbers across most groups have risen slightly - the headline figures from the 2010 NHS Workforce Census show that the overall HCHS non-medical workforce has grown by 0.2% from 1,168,009 in 2009 to 1,170,576 in 2010; and
- although staff survey results are variable, overall staff satisfaction remains at a five-year high.

5.3 This chapter provides detailed commentary in these areas, as well as updating the NHSPRB on the generality of non-medical workforce planning.

5.4 For 2012/13, the second year of the Government's two-year pay freeze, the NHSPRB has again been asked to consider uplifts for staff earning basic salaries of £21,000 or less only; other staff employed under Agenda for Change are subject to the general pay freeze which is in force across the public sector. The NHSPRB will therefore be most concerned about the staffing, recruitment and retention, motivation, and workforce planning issues which are directly relevant to lower-paid NHS staff. However, this information could not be adequately considered in isolation from wider issues and movements affecting the Agenda for Change workforce. The Government has therefore undertaken to provide relevant information about all Agenda for Change staff in this evidence. This chapter is therefore structured as follows:

- information about the generality of non-medical workforce planning, staffing levels, recruitment and retention, and staff satisfaction. This includes a consideration of the role of the new Centre for Workforce Intelligence (paragraphs 5.27 to 5.30).
- information on these issues which is directly relevant to staff under Agenda for Change earning £21,000 or less (paragraphs 5.47 to 5.60);
- information on these issues which concerns staff under Agenda for Change earning *over* £21,000 (paragraphs 5.61 to 5.70).

5.5 The chapter concludes with an update on issues affecting junior pharmacists (paragraphs 5.77 to 5.79).

General Workforce Issues

Non-Medical Workforce Planning

5.6 Non-medical workforce planning is broadly divided as follows:

- Qualified staff (qualified nurses; scientific, therapeutic staff; etc) which must take account of training lead times for staff to attain qualification (typically three-year undergraduate courses); and
- Unqualified staff (healthcare assistant support workers etc), which do not normally rely on such long lead times and can therefore be more flexible.

5.7 The Department recognises the importance of the availability of training and development opportunities for the morale of staff at all levels. The Multi Professional Education and Training (MPET) budget, which funds central investment in the development of the workforce, was increased by £97 million (2%) to £4,879 million in 2011-12. Strategic Health Authorities (SHAs) have been asked to deliver the government priorities of increasing the number of health visitors (see paragraphs 5.71 to 5.76 below) and increasing access to psychological therapies from the settlement.

5.8 There is an education and training service level agreement (SLA) between SHAs and the Department, which ensures that SHAs are held to account for the funding and quality of the training they provide for healthcare students and the NHS workforce. As part of the SLA, SHAs are required to submit investment plans based on long term workforce planning and demonstrate that their investment in education and training is based on the workforce needed to deliver services required by patients.

5.9 The education investment planning of SHAs takes into account the NHS Operating Framework for 2011-12, specifically its commitment to promote a responsible approach to education and training by:

- reviewing and, where possible, reducing the number of pre-registration commissions for nursing, allied health professionals and healthcare scientists (HCSs), consistent with long-term requirements;
- ensuring sufficient investment to support the redeployment of staff into new ways of working, especially those moving to new roles and settings.

5.10 The following table shows a time series of the levels of training commissions funded through the NMET budget:

Table 5.1: NMET commissions 2006-07 to 2011-12

		Actual commissions					Plan
		2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Nursing	*degree*	4,006	4,062	4,262	5,753	6,757	13,976
	diploma	17,193	15,290	16,402	15,076	13,335	4,093
	subtotal	21,199	19,352	20,664	20,829	20,092	18,069
Midwifery	*degree*	983	1,307	1,944	1,977	2,034	2,110
	diploma	540	412				
	18 month diploma	467	352	328	505	454	397
	subtotal	1,990	2,071	2,272	2,482	2,488	2,507
N&M total (incl 18 month diploma)		23,189	21,423	22,936	23,311	22,580	20,576
AHPs		7,103	6,650	6,580	6,674	6,605	6,182
Healthcare scientists		1,059	1,054	1,131	1,220	1,140	900
Technicians		2,848	2,598	3,043	3,266	3,293	2,897
Community nursing		1,124	1,001	1,302	1,198	1,156	2,136
New roles			618	2,398	1,385	1,719	2,383
Total NMET commissions		**35,323**	**33,344**	**37,390**	**37,054**	**36,493**	**35,074**

Source: SHA MPET FIMS returns

NOTES:

1. New roles commissions were introduced in 2007-08

2. Midwifery diplomas were moved to 18 month diplomas in 2008-09

5.11 Since 2000, we have seen an increase in the NHS non-medical workforce of 2.4% more staff – including nearly 63,000 (2%) more qualified nurses employed in the service.

5.12 Supply and demand for non-medical staff groups remains in broad balance. However, some specific imbalances do exist, and a number of specific types of staff are included on the Home Office Shortage Occupation list 15. These include:

- pre-registration pharmacists working in the NHS or hospitals;
- registered pharmacists working in the NHS or hospitals;
- specialist nurses working in operating theatres;
- operating department practitioners;
- specialist nurses working in neonatal intensive care units;
- Health Professions Council (HPC) registered diagnostic radiographers;
- HPC-registered therapeutic radiographers;
- nuclear medicine technologists;
- radiotherapy technologists;
- speech and language therapists at Agenda for Change bands 7+ or their independent sector equivalents; and
- HPC-registered orthoptists.

[15] www.ukba.homeoffice.gov.uk/sitecontent/documents/workingintheuk/shortageoccupationlist.pdf

5.13 The number of students entering training to become a nurse or midwife in England was reduced by 731 (3.1%) to 22,580 commissions in 2010-11, compared to the previous year.

5.14 Pending the proposed move to all degree nursing in 2013, there are two routes into nursing – via a degree course or a diploma course, as shown in the table above. Both lead to registration with the Nursing and Midwifery Council, enabling graduates to work as nurses in the UK. In recent years, there has been a switch from diploma to degree commissions. Actual commissions to nurse degree courses has risen from 2,483 in 2001-02 to 6,757 in 2010-11, whilst the numbers of nursing diploma commissions has reduced from 18,141 to 13,335 over the same period.

5.15 The number of training commissions for allied health professionals decreased by 69 (1%) in 2010-11 to 6,605, compared with 2009-10. The number of training commissions for healthcare scientists and technicians decreased by 53 (1.2%) to 4,433 in the same period.

5.16 Whilst the intake into training places is important, the key driver for future supply is the output from the programmes, which varies as student retention varies. Determination of the number of training places to commission is therefore based on the anticipated future demand in the local health economy, recent information about student retention and levels of graduate employment.

5.17 The Department works with SHAs to ensure that workforce planning and education investment decisions are appropriate through an integrated planning process based on the operating framework, which combines workforce activity, finance and QIPP.

5.18 SHAs will remain responsible for commissioning pre-registration courses until April 2013 and will be responsible for the safe transfer of training contracts to new organisations from this date.

Education and Training Developments

NHS Student Support

5.19 The review of the NHS bursary scheme, which provides financial support to students undertaking eligible healthcare courses has concluded that, in the future, eligible students will all have access to the same package of financial support from September 2012 irrespective of their course.

5.20 The new package of support will provide new students with a small non-means tested grant, a means tested bursary and a reduced rate non-means-tested loan. The loan will be provided by Student Finance England.

5.21 The new arrangements will remove the anomaly between degree students and diploma students who currently receive different levels of financial support. To encourage students into the NHS we will also continue to pay tuition fees of eligible non-medical students.

Liberating the NHS: Developing the healthcare workforce

5.22 The consultation document "Liberating the NHS: Developing the Healthcare Workforce" was published on 20 December 2010. It sets out proposals for a new framework for workforce planning, education and training. The consultation closed on the 31 March 2011 and a summary of the consultation responses was published on 18 August.

5.23 The new framework proposed in the consultation would see healthcare providers – with their local clinical leadership – taking a lead role in planning and developing their workforce, with responsibility for many of the workforce functions currently led by the Strategic Health Authorities (SHAs). A new statutory body, Health Education England (HEE), would be established to provide oversight and national leadership for education and training.

5.24 The new system will:

- Provide **security of supply**, ensuring sufficient numbers of appropriately trained professionals to meet future health needs and achieve health outcomes that are among the best in the world.
- Be **responsive to patient needs and changing service models**, such that the capacity and skills of current and future staff reflect the needs of patients and local health economies.
- Deliver **continuous improvement in the quality of education & training**, aspiring for excellence and innovation in all education and development activity, to build confident and competent healthcare staff able to deliver safe and high quality care.
- Ensure **value for money**, with transparent funding flows to support a level playing field across providers.
- **Widen participation**, supporting diversity and equitable access to services, education, training and development opportunities and a system where talent flourishes free from discrimination with everyone having fair opportunities to progress.

5.25 The consultation was followed by the Listening Exercise led by the NHS Future Forum. The Government's response to the NHS Future Forum signalled further engagement with stakeholders on the education and training proposals over the Summer with further proposals to be published in the Autumn.

5.26 Work is underway to shape the next phase of the work programme, develop an effective stakeholder engagement strategy and identify priority publications for the Autumn.

<u>Centre for Workforce Intelligence</u>

5.27 To better understand the future demand for non-medical staff, and to develop supply strategies to meet this demand, the Department established the CfWI to provide expert analysis and intelligence on workforce planning. Set up in January 2010 CfWI has a broad remit for providing long-term and strategic scenario planning for the whole health and social care workforce, based on research, evidence and analysis, to build strong leadership and capability in workforce planning. It will provide an easily accessible route to NHS and social care planners, clinicians and commissioners seeking workforce planning and development expertise to improve NHS and social care services.

5.28 The CfWI will focus on three key strategic areas:

- workforce intelligence to the health and social care system;
- leadership within that system, to help senior leaders drive workforce planning, to strengthen the influence of workforce planners and provide better co-ordination; and
- support to the NHS, the supply of relevant resources, and the identification of best practice in improving the effectiveness of workforce planning at local, regional and national levels.

5.29 The CfWI will publish its first report on the non-medical workforce in autumn 2011. This will analyse the likely short-term output from training over the next few years, and compare its supply forecasts with estimated levels of demand. The CfWI will then model longer-term demand for non-medical staff considering factors such as:

- population growth and change;
- changes to morbidity;
- service level and design;
- the role of doctors;
- workforce participation;
- retirements and attrition; and
- migration.

5.30 The outputs of this project will enable DH, SHAs, PCTs and trusts to understand non-medical demand and supply in greater depth, and thereby improve their workforce planning strategies. The Government will draw on the CfWI's work in future evidence to the NHSPRB.

Workforce Census, Staff Numbers, and Vacancies – General Considerations

5.31 The NHSPRB will wish to be aware of the following in considering the statistical and other material which is presented in this evidence.

Census and ESR data sources

5.32 As explained last year, the NHS Information Centre (NHS IC) has therefore published experimental, provisional monthly NHS workforce data. As expected with provisional, experimental statistics, some figures may be revised from month to month as data issues are uncovered and resolved. The monthly workforce data is not directly comparable with the annual workforce census because it is based on data from the ESR. That data includes some staff, such as locum doctors, who do not appear on the Census; while other staff who do appear on the Census including primary care and bank staff, are not recorded on the ESR.

5.33 Because of concerns over consistency and the experimental nature of the new monthly ESR data, our current evidence to the Review Body continues to rely on the annual census returns. In future, more monthly workforce statistics may be available. However, this data would have some limitations, such as seasonal variation in staff numbers due to different and staggered recruitment cycles.

Vacancy data sources

5.34 Vacancy data is usually provided by the NHS Information Centre. However, this collection was suspended in 2011 as part of a fundamental review NHS data collections. Following the review the NHS Information Centre will consider whether to reinstate the collection for 2012 and beyond.

5.35 As the Pay Review Body is aware, the NHS IC are considering plans to move away from an annual vacancy survey, and extract data from a re-tendered NHS Jobs service/website that would be published each September. The successful supplier for NHS Jobs is due to be announced shortly and it is planned that the new service will be in place from the spring of 2012.

Turnover data sources

5.36 Information on staff turnover, which was provided in previous years by the NHS Information Centre was from a one-off collection outside of its central data collection programme. The NHS Information Centre will not be repeating this collection, partly on the grounds of available resources. The Department continues to consider that the annual collection of data on staff numbers and vacancy levels provides sufficient material for the assessment of trends in NHS staff movements.

The NHS Staff Survey

Motivation and morale

5.37 The NHS staff survey continues to provide an insight into staff perceptions of their motivation and morale.

5.38 The 2011 NHS staff survey will be the ninth of its kind, providing the most reliable source of national and local data on how staff feel about working in the NHS and what staff experience in their day to day lives. It will run between September and December 2011. Trusts will receive local level aggregated data by February 2012 and nationally aggregated data will be available in late March 2012.

5.39 With the continued focus on the NHS Constitution and the pledges made to staff, the survey maintains its expanded role of providing information to NHS organisations that will contribute to their assessment in progressing the pledges to staff and in identifying specific areas for improvement that matter to staff.

5.40 The Department of Health have contracted a new survey co-ordinator, the Picker Institute Europe, to manage the NHS staff survey for a period of at least three years, ensuring continuity in data collection.

Workforce Issues – Staff Earning £21,000 or less

Definition

5.41 For the purpose of this evidence the definition of "staff earning £21,000 or less" per FTE remains the same as set out in the annex to Chief Secretary's letter to Review Body Chairs of 26 July 2010. That is those on an Agenda for Change pay point which

implies full-time basic earnings of £21,000 or less. This equates to pay point 15 or lower in the 2011/12 payscales.

5.42 High Cost Area supplements and other additional earnings are excluded under this definition:

- Earnings received to offset the cost of working in expensive areas should not reduce the likelihood of low earners receiving any income protection.
- Additional earnings beyond basic salary which reflect additional work should also not reduce the likelihood of low earners receiving any income protection. This has a parallel in the clarification that the treatment of those earning less than £21,000 or less applies on a per FTE basis: earning £21,000 or less through working part-time does not qualify an individual from preferential treatment.

5.43 Estimates based on an analysis of September 2010 Electronic Staff Record (ESR) and Health & Social Care Information Centre Workforce Census data suggests approximately 350,000 full time equivalent (FTE) HCHS staff earn under the £21,000 Basic Pay per FTE threshold. In headcount terms this is around 450,000 individuals. This equates to over a third of all HCHS staff and approaching 40% of non-medical staff. The paybill groups containing the most staff earning £21,000 or less are:

- Unqualified nurses and healthcare assistants (of whom approximately 96.5% of staff will fall into this category)
- Administrative and clerical staff (approximately 56.5% of staff will fall into this category)
- Maintenance and works staff (approximately 43.3% of staff will fall into this category)

5.44 Table 1 in Annex H indicates the number and proportion of FTEs earning under £21k per FTE by pay metric group and a consolidated selection of job roles. The consolidated selection of job roles aims to aid interpretation by producing a manageable list of job roles that still allows investigation of issues surrounding the pay of those earning under £21k per FTE. Using all job roles would arguably produce an unmanageable number of staff groups, not all particularly relevant to the consideration of lower earners.

5.45 Table 2 in Annex H indicates the number and proportion of staff, by headcount, earning under £21k per FTE by pay metric group and a consolidated selection of job roles.

Staff Numbers

5.46 There has been a small increase in the size of the Agenda for Change workforce, as the headline findings from the 2010 Staff Census demonstrate:

Table 5.2: Headcount at 30 September

Staff Group	2009	2010	Increase	% Increase
HCHS non-medical workforce	1,168,009	1,170,576	**2,567**	**0.2%**
Infrastructure Support staff (excluding managers)	191,116	191,380	**264**	**0.1%**
Support to Clinical Staff (excluding bank staff)	351,305	356,410	**5,105**	**1.5%**

The NHS Staff Survey – Staff Earning £21,000 or less

5.47 The key score for job satisfaction in the NHS staff survey is regarded as one of the key indicators of staff motivation and morale. The score for job satisfaction for NHS staff has remained consistently high and has increased again this year, from 3.53 to 3.54 in the 2010 survey (on a scale of 1-5, where 1 is low and 5 high). It is now the highest it has been in the last five years. Whilst the majority of staff groups are broadly similar, Ambulance staff are the exception, reporting a score of 3.11, which has though increased from 3.08 in 2009. Among staff earning £21,000 or less, scores for job satisfaction were as follows:

- **The figure for unqualified nurses has fallen 3.49 in 2009 to 3.48 in 2010**
- **That for administrative and clerical staff has remained unchanged at 3.54; and**
- **That for maintenance staff has risen from 3.55 in 2009 to 3.56 in 2010**

5.48 The key score for staff intention to leave jobs has worsened since the 2009 survey, from 2.52 to 2.62 in 2010 (on a scale of 1-5, where 1 is low and 5 high) Figures have worsened very slightly for all staff groups except Nurses, where intention to leave stayed the same. Although it should be borne in mind that this is a fall from the five-year high reported in 2009. Among staff earning £21,000 or less, scores for intention to leave jobs were as follows:

- **The figure for unqualified nurses has increased from 2.42 in 2009 to 2.46 in 2010**
- **That for administrative and clerical staff has increased from 2.52 in 2009 to 2.60 in 2010; and**
- **That for maintenance staff has risen from 2.35 in 2009 to 2.40 in 2010**

Workload

5.49 Items from the NHS staff survey in England that can give an insight into staff perceptions of workload are included in this section. These cover staff working additional hours (paid and unpaid), support to achieve work/home life balance and view on time to carry out jobs. The tables show the selected survey scores. In summary:

- The percentage of staff earning £21,000 or less working no additional paid hours higher , at 73% than the NHS average of 68%. Of these groups administrative and clerical staff have the highest percentage of those working no extra hours at 85% and unqualified nurses the lowest at 66%
- The percentage of staff working additional unpaid hours varies by staff group; however, the levels reported remain broadly comparable to those seen in the previous years. However, greater numbers of unqualified nurses (72%), administrative and clerical (61%) and maintenance (69%) work no additional unpaid hours compared to the national average of 46%.
- The percentage of staff earning £21,000 or less who do not disagree (i.e. they agree, or neither agree nor disagree) that their trust is committed to helping staff balance their work and home life is higher for unqualified nurses (77%), administrative and clerical (86%) and maintenance (84%) than the average for all NHS staff (75%). Similar findings exist for support from immediate line managers with all groups again showing higher percentages than the NHS average.

- Nationally almost three quarters (72%) of all NHS staff do not disagree that they do not have the time to carry out all their work. This is lower amongst the £21,000 or less groups with unqualified nurses and assistants (62%), admin and clerical (65%), and maintenance (64%). There is no clear pattern to these figures with the figure for unqualified nurses falling slightly, for maintenance staff rising slightly and administrative and clerical staff staying the same since 2009.

Workforce Education and Training – Staff Earning £21,000 or less

5.50 The Department's longstanding policy is to work closely with the professions and other key partners to ensure that the non-medical workforce is appropriately trained and has access to realistic and achievable career pathways. The focus for the workforce at Agenda for Change Pay Bands 1-4 is on improving training and development as a means of empowering and enabling talented and motivated staff to progress. This serves to improve service quality and innovation, to support skill mix developments and to help provide staff with fulfilling and rewarding jobs.

5.51 In line with those aims, the NHS recruited 9000 apprentices during 2010/11 as part of a wider Government initiative. The NHS is now one of the top three employers of apprentices in the country and has the biggest range (80 plus) of apprenticeship frameworks of any other employer.

5.52 NHS Apprenticeships is used as a career entry route and pathway for people who, while talented and motivated, may lack the qualifications needed for direct entry to degree course. The NHS Apprenticeship route could take them relatively rapidly to Band 3 or Band 4, and those with the necessary aptitude and motivation could proceed to a degree course (with potential for a year or so off the length of their course under Accreditation of Prior Education and learning).

5.53 At Bands 1-4, the Department has also worked in partnership with the relevant Sector Skills Council, Skills for Health, to prioritise several clinical support roles and develop clear frameworks for careers progressions supported by defined competencies and robust education and training pathways. NHS Employers are collating case studies on the various support worker models for promotion on their website and are also to develop a support worker checklist (due Autumn).

5.54 In addition, the NHS Knowledge and Skills Framework continues to provide support for the development of staff. The Framework has recently been reviewed and a new simplified version has been launched which we hope will drive up appraisal rates in 2011. There is now a range of resources and practical tools to support employers which are available on NHS Employers website for trusts to adapt, including setting objectives, making the links to organisational goals, top tips for managers and staff on appraisals, and template appraisal forms, as well as the full NHS Staff Council guide.

Workforce Data Improvement – Staff Earning £21,000 or less

5.55 In the evidence submitted last year, we demonstrated how the 'job role' and 'area of work' fields in ESR could be used to identify those staff belonging to the former PNC (Pay Negotiating Council) Groups.

5.56 We have continued to provide more detailed pay data for these types of staff this year, disaggregating data relating to staff earning less than £21,000 and staff receiving a RRP

by job role. We have also provided more detailed data on Building Craft Workers and associated job roles.

5.57 As mentioned last year, there is still a need to treat data disaggregated by job role with caution, given that it remains difficult to assess how accurately organisations use and maintain the job role field in ESR. This field is inputted manually, and there is not a universal description of how job roles should be recorded in ESR, which increases the likelihood of inconsistent recording and overlapping job role descriptions.

5.58 In terms of overall data quality, positive steps have been made in improving the ESR data we use in producing our evidence. Firstly, efforts to improve the underlying quality of ESR data have been made by the Information Centre. They have undertaken several projects this year to both improve the overall quality of ESR data and address how the job role and area of work inputs are recorded. These include:

- An improved auto-correction system for monthly data extracts;
- An introduction of superior monthly data quality feedback reports, which focus on the most relevant data fields;
- Preparatory work to develop a system to aid local coders to improve the quality of their data entry;
- Improved written guidance for inputting fields, including job role and area of work, which is currently being tested and is due to be available by the end of 2011.

5.59 DH analysts have also improved how they use the ESR data. Our understanding of the data and its caveats has improved and this feeds into the material that underpins much of our evidence. This year's evidence uses ESR data that has gone through data cleaning filters developed by DH over the year. These are similar to those used by the IC for the data they use in publications such as the Quarterly Earnings Survey. This means that the ESR data we use is a sample, but it is a reliable sample that we can have greater confidence in and use in greater detail and scale up to represent the whole.

5.60 Our progress in the use of ESR data has been facilitated by the project, we mentioned in last year's oral evidence, to redesign how we measure and monitor paybill growth and its' drivers with a view to increasing the detail of paybill data and improving paybill driver forecasting. This project is not yet complete, but significant progress has been made. An analyst of the NHS PRB secretariat is due to visit DH analysts to see the progress made, and suggest potential improvements, on September 20th 2011. The detailed and cleansed data extracts which are built up and becoming routine, as well as our greater understanding of the components of paybill data is likely to yield further improvements for the future.

Workforce Issues – Staff Earning Over £21,000

Staff Numbers

5.61 The 2010 Staff Census showed that there has been a steady increase in the size of the workforce in these groups, as follows:

Table 5.3: Headcount at 30 September

Staff Group	2009	2010	Increase	%age increase
Qualified nurses	*350,699*	352,104	1,405	0.4%
Allied Health Professionals	*73,335*	74,374	1,039	1.4%
Physiotherapists	21,984	22,029	45	0.2%
Qualified radiographers	16,278	16,466	188	1.2%
- Diagnostic radiographers	13,940	14,043	103	0.7%
- Therapeutic radiographers	2,338	2,423	85	3.6%
Qualified pharmacists	15,369	15,873	504	3.3%
Qualified healthcare scientists	32,378	31,972	-406	-1.3%

Staff Survey

5.62 As set out above, the key score for job satisfaction in the NHS staff survey is regarded as one of the key indicators of staff motivation and morale. It has remained consistently high and has increased again this year, from 3.53 to 3.54 in the 2010 survey. It is now the highest it has been in the last five years. Whilst the majority of staff groups are broadly similar, Ambulance staff are the exception, reporting a score of 3.11, which has though increased from 3.08 in 2009.

5.63 Negating the general improvement in job satisfaction scores is the key score for staff intention to leave jobs. This score has worsened since the 2009 survey, from 2.52 to 2.62 in 2010. Figures have worsened very slightly for all staff groups except Nurses, where intention to leave remained the same. Although it should be borne in mind that this is a fall from the five-year high reported in 2009.

5.64 Items from the NHS staff survey in England that can give an insight into staff perceptions of workload are included in this section. These cover staff working additional hours (paid and unpaid), support to achieve work/home life balance and view on time to carry out jobs. The tables show the selected survey scores. In summary:

- The percentage of staff under the pay review body remit working additional paid hours is broadly comparable to those of the NHS as a whole. Ambulance staff, as in previous years, are the exception, with only 22% of staff working no additional paid hours, compared to the NHS average of 68%.
- The percentage of staff working additional unpaid hours varies by staff group; however, the levels reported remain broadly comparable to those seen in the previous years. Managers are the exception in this case, with only 15% of staff working no additional unpaid hours compared to the national average of 46%..
- The percentage of staff who do not disagree (i.e. they agree, or neither agree nor disagree) that their trust is committed to helping staff balance their work and home life are again comparable to the average for all NHS staff (75%). The exception is Ambulance Staff where half disagree their trust is committed to helping them. Similar findings exist for support from immediate line managers, although Ambulance Staff report a comparatively more positive score than that reported regarding their trust.
- Nationally almost three quarters (72%) of all NHS staff do not disagree that they do not have the time to carry out all their work. The figure rises to 79% for nurses and 76% for managers but is lower among ambulance staff (68%). These figures have

reduced or stayed the same since 2009 for all staff groups listed, rising slightly ambulance staff.

Workforce Education and Training – Staff Earning Over £21,000

5.65 For the non-medical professions, the Department remains committed to shifting from vocational to professional education.

5.66 To that end, in light of the 2010 publication of the Nursing and Midwifery Councils (NMC) new educational standards for nurse education programmes, the Department has worked closely with the NMC, Royal Colleges and the higher education sector to ensure a smooth transition to an all graduate entry profession by 2013.

5.67 All of the Higher Education Institutes (HEI) that needed to have their new degree programmes approved in 2011 by the NMC were successful. This was just under 50% of the overall total, with the majority moving for approval in 2012 and a small number waiting until 2013. The first new nursing programmes will be available to students for the September 2011 intake.

5.68 The Department believes that graduate nurses will be better equipped to meet the challenges they face, whether these be in prescribing, in being parts of self-directed nursing teams, or in the provision of more effective, evidence-based care safely and confidently. A high importance is being placed on opportunities to widen participation in nursing programmes, including through more creative and transparent ways of recognising existing education and learning. The Department has therefore welcomed the NMC's plans to increase the amount of Prior Experiential Learning which may contribute towards the achievement of a programme, from 33% to 50%.

5.69 Over the last year as the profession prepares to the move to all graduate entry, there has been a significant shift in service providers commissioning nursing degree programmes as the table below shows:

2010/11 Commissions		**2011/12 Commissions**	
Degree	**6,757**	**Degree**	**13,976**
Diploma	**13,335**	**Diploma**	**6,757**

*2011/12 figures are from planned Quarter 2 FIMMS returns and are subject to change

5.70 Details of the specific initiatives being undertaken in respect of midwives and health visitors are set out below.

Midwives and Health Visitors.

5.71 In the wider healthcare policy environment, there are some particular new challenges for the Agenda for Change midwifes and health visitor workforces. The White Paper, Equity and Excellence: Liberating the NHS, includes commitments to extending maternity choice, and to the facilitation of safe, informed choices throughout pregnancy and in childbirth. This will mean the development of new provider networks, with the aim of co-ordinating work towards offering expectant mothers and their families a

broader choice of services, and facilitating movement between the different services they may want or need. These commitments supersede specific commitments made in the past to expand the numbers of midwives.

5.72 However, the Coalition Agreement includes a commitment to increase the number of Sure Start health visitors by 4,200. An extensive programme of work is now under way with a view to increased capacity as quickly as possible. This is being carried out in parallel with work towards the development of outcome measures, which are in line with the Government's policy for improving and demonstrating improvements in health.

5.73 The report of the Midwifery 2020 programme, which was established by the Chief Nursing Officers for England, Wales, Northern Ireland and Scotland to set the direction for midwifery, identified key messages about new ways of working, midwives' roles, responsibilities, and the training and development requirements to maximize the midwifery contribution in future.

5.74 Each SHA is reviewing the supply of local midwives, including attrition rates from training, and have developed appropriate recruitment, retention and return strategies. Local initiatives have also been designed in many areas to increase numbers of midwives and to ensure the midwifery contribution to maternity care can be maximized. These range from leadership development to supporting succession planning; return to practice courses; retention plans for midwives due to retire; maternity support; and use of the national preceptorship framework to provide support to ensure that newly-qualified and recently-returned midwives can integrate fully into the NHS. A link to the framework can be found below

www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_114073

5.75 The Health Visitor Implementation Plan 2011-15, A Call to Action: sets out the Government's intention to improve the quality of health visiting services for children and families. A Call to Action makes the challenging commitment to recruit an extra 4,200 health visitors by 2015. The Plan sets an ambitious pace. It will require innovative approaches to training and development, and rapid spread of learning. In order to achieve this the Department is working closely with education commissioners, providers of services and above all the health visitor profession in order to grow the health visitor workforce.

5.76 To open up rewarding health visitor career pathways aligned with the vision of A Call to Action, discussions have begun with the Nursing Midwifery Council (NMC) and others to develop plans to improve retention, increase the number of training places and provide flexible training options. The NMC will ensure that registrants, higher education institutions and employers are clear about current flexibilities in training health visitors to support rapid expansion of health visitor training. Plans will be fine-tuned in the light of experience, identifying the most promising and cost-effective combinations of recruitment, retention and training approaches, which may vary from area to area. We will identify exemplar and pathfinder sites for new approaches to education and training to ensure that good practice and learning are shared

Junior Pharmacists

5.77 In recent years the NHSPRB has been interested in recruitment and retention of junior pharmacists in Agenda for Change paybands 6 and 7.

5.78 Last year, data from the Pharmacy Establishment and Vacancy Survey (PEV) and other sources demonstrated that the situation on the recruitment and retention of junior pharmacists had improved as a result of the actions taken by the Pharmacist Numbers Task and Finish Group and the Modernising Pharmacy Careers Programme.

5.79 Although the latest data from the Pharmacy Establishment and Vacancy Survey (PEV) is not yet available, we expect this and other indicators to remain positive. We will update the NHSPRB when the latest data becomes available in the autumn.

ANNEX A

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Prof Alasdair Smith, AFPRB Chair

Ron Amy OBE, DDRB Chair

Jerry Cope, NHSPRB Chair

Dr Peter Knight CBE, PSPRB Chair

STRB Chair

Bill Cockburn CBE, SSRB Chair

20 June 2011

Dear Alasdair, Ron, Jerry, Peter, Bill and Chair

PUBLIC SECTOR PAY 2012-13

I would like to thank the Review Bodies for your work on the 2011-12 pay round. The Government greatly values the independent and expert view that the Review Bodies provide.

2. Given that we remain in the exceptional circumstance of a cross-public sector pay freeze, I am now writing – as I did last year - to set out how the Government proposes that the Review Bodies should approach the 2012-13 round. As you know, at the June 2010 Budget, the Government announced a two-year pay freeze from 2011-12 for public sector workforces where the

Government is responsible for setting pay, except for those earning a full-time equivalent of £21,000 or less, where the Government announced it would seek increases of at least £250 per year.

3. The Government believes that the case for pay restraint across the public sector remains strong. Detailed evidence will be set out in the Round, but at the highest level, reasons for this include:

- Recruitment and retention: While recognising some variation between remit groups, the evidence so far is that, given the current labour market position, there are unlikely to be significant recruitment and retention issues for the majority of public sector workforces over the next year.

- Affordability: Pay restraint remains a crucial part of the consolidation plans that will help to put the UK back onto the path of fiscal sustainability – and continued restraint in relation to public sector pay will help to protect jobs in the public sector and support the quality of public services.

4 The Government therefore remains of the view that the 2012-13 pay round should proceed in line with the approach agreed for 2011-12 – with the Review Bodies making recommendations in relation to those earning £21,000 or less. Further details on the practicalities for this round are set out in the Annex to this note.

5. As you will be aware, Lord Hutton published his final independent report on the future of public service pensions, on 10 March 2011 and the Government has accepted Lord Hutton's recommendations for reform of public service pensions as a basis for consultation with public sector workers, trades unions and others. One of these recommendations was that the Government should

make clear to Review Bodies that they should consider how public service pensions affect total reward. The Government will return to this issue as part of the overall response to Lord Hutton's report, in advance of the 2013-14 round.

6. However, independent research by the IFS in February suggested that, overall, there remains a public sector pay premium over the private sector, adjusting for the relevant skills and experience – and Lord Hutton concluded that these remain significantly more generous than private sector pensions, on average. Given this evidence, the Government is clear that any changes to pensions, including the proposed increase in contributions from 2012-13, do not justify upwards pressure on pay.

7. I found our meeting last year very helpful, so I would be delighted to meet you to discuss the issues set out above, review developments since last year and consider any specific matters that you wish to raise.

DANNY ALEXANDER

Annex: The pay round in 2012-13

Overall approach

For the second year of the freeze - the 2012-13 pay round - the pay review body process should proceed as in 2011-12, with the exception of the School Teachers Review Body, where I recognise that a two year recommendation has been made and therefore do not expect an additional remit on this matter. Specifically:

- For those groups of workers paid above £21,000, the Government will not submit evidence or seek recommendations on pay uplifts. It will however, provide information about recruitment, retention and other aspects of the affected workforces as appropriate. The Government may ask the Review bodies to consider specific issues, other than a general pay uplift that lie within their terms of reference; and
- For those groups of workers paid £21,000 or less, the Government will look to the Pay Review Bodies to provide recommendations on uplifts. The Government will submit evidence for these groups in the Autumn in the usual way, covering the usual factors, ensuring that it is in line with the policy on pay announced at June 2010 Budget.

Because of the varied positions of the Review Body remit groups, officials will again discuss in more detail with the Review Body secretariats, and where appropriate with the Devolved Administrations, before the relevant Secretary of State writes to Review Bodies about their remit, if any, for 2012-13.

Treatment of Employees earning £21,000 or less

Definition of employees earning £21,000 or less:

- This should be determined on the basis of basic salary of a full-time equivalent employee, pro-rated on the basis of the hours worked, using the standard number of hours per week for that organisation.
- Part-time workers with an FTE salary of less than £21,000 should receive a pro-rata increase on the basis of the number of hours worked.
- The £21,000 is based on the normal interpretation of basic salary and does not include overtime or any regular payments such as London weighting, recruitment or retention premia or other allowances.

Size of Increase:

It is for the Review Bodies to recommend on the size of the uplift for those earning £21,000 or less, though the Government will seek an uplift of at least £250. When considering their recommendations, Review Bodies may want to consider:

- the level of progression pay provided to the workforce;
- affordability;
- the potential for payments to be more generous for those on the lowest earnings; and
- how best to avoid "leapfrogging" of those earning just under £21,000 with those earning just over £21,000, potentially through the use of a taper.

Annex B

Pay bands and pay points on the second pay spine in England from 1 April 2011

Point	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8				Band 9
								Range A	Range B	Range C	Range D	
1	13,903	13,903										
2	14,258	14,258										
3	14,614	14,614										
4		15,029										
5		15,444										
6		15,860	15,860									
7		16,395	16,395									
8		17,003	17,003									
9			17,368									
10			17,854									
11			18,402	18,402								
12			18,827	18,827								
13				19,500								
14				20,183								
15				20,804								
16				21,176	21,176							
17				21,798	21,798							
18					22,676							
19					23,589							
20					24,554							
21					25,528	25,528						
22					26,556	26,556						
23					27,625	27,625						
24						28,470						
25						29,464						
26						30,460	30,460					
27						31,454	31,454					
28						32,573	32,573					
29						34,189	34,189					
30							35,184					
31							36,303					
32							37,545					
33							38,851	38,851				
34							40,157	40,157				
35								41,772				
36								43,388				
37								45,254	45,254			
38								46,621	46,621			
39									48,983			
40									51,718			
41									54,454	54,454		
42									55,945	55,945		
43										58,431		
44										61,167		
45										65,270	65,270	
46										67,134	67,134	
47											69,932	
48											73,351	
49											77,0799	77,079
50											80,810	80,810
51												84,688
52												88,753
53												93,014
54												97,478

Note: As part of the parties' 2008-2011 negotiated pay agreement, the top point of Band 5 (spine point 23) is due to increase by 0.33% in April 2011, with consequential adjustments to spine points 18, 19, 21 and 22. These changes have been reflected in the above pay scales

Annex C: Estimated Share of HCHS Staff with Basic Pay per FTE Under £21k by Staff Group & Year

Table 1: Estimated Share of HCHS FTEs with Basic Pay per FTE Under £21k by Staff Group & Year

	2008/9			2009/10			2010/11		
	Total FTEs	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated FTEs with Full Time Equivalent Basic Pay <£21k	Total FTEs	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated FTEs with Full Time Equivalent Basic Pay <£21k	Total FTEs	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated FTEs with Full Time Equivalent Basic Pay <£21k
Qualified nursing	315,410	7.7%	24,160	322,425	3.7%	11,855	322,190	0.0%	-
Unqualified Nursing, HCA and Support	189,936	98.9%	187,877	197,035	97.7%	192,475	197,247	96.5%	190,276
ST&Ts	155,174	28.8%	44,693	164,563	24.1%	39,610	170,511	19.7%	33,578
Admin & Clerical	194,236	77.1%	149,664	210,501	63.4%	133,469	214,902	56.5%	121,397
Maintenance & works	10,100	75.5%	7,625	10,401	48.6%	5,051	10,053	43.3%	4,356
Ambulance Staff	23,109	33.1%	7,640	24,475	31.0%	7,583	25,083	26.5%	6,637
Managers	37,937	1.5%	556	42,509	0.9%	370	40,094	0.3%	131
Other	308	18.9%	58	311	15.7%	49	307	16.8%	52
All Non-Medical HCHS Staff	926,210	45.6%	422,274	972,220	40.2%	390,461	980,387	36.4%	356,426
All HCHS Staff	1,017,796	41.5%	422,274	1,068,818	36.5%	390,461	1,078,023	33.1%	356,426

Table 2: Estimated Share of HCHS Headcount with Basic Pay per FTE Under £21k by Staff Group & Year

	2008/9			2009/10			2010/11		
	Total Headcount	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated Headcount with Full Time Equivalent Basic Pay <£21k	Total Headcount	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated Headcount with Full Time Equivalent Basic Pay <£21k	Total Headcount	Estimated % with Full Time Equivalent Basic Pay <£21k	Estimated Headcount with Full Time Equivalent Basic Pay <£21k
Qualified nursing	386,112	7.0%	26,933	395,229	3.4%	13,300	389,290	0.0%	-
Unqualified Nursing, HCA and Support	245,142	99.0%	242,730	256,908	97.8%	251,367	255,203	96.7%	246,723
ST&Ts	182,698	29.0%	52,950	193,381	24.5%	47,400	198,443	20.5%	40,632
Admin & Clerical	231,619	79.5%	184,129	249,623	66.4%	165,672	253,239	59.8%	151,468
Maintenance & works	10,564	76.2%	8,055	10,981	50.3%	5,524	10,607	45.2%	4,797
Ambulance Staff	24,147	34.2%	8,251	25,684	31.9%	8,189	26,375	27.3%	7,205
Managers	39,913	1.6%	629	44,661	0.9%	416	41,962	0.4%	150
Other	353	21.6%	76	364	17.4%	63	356	19.2%	68
All Non-Medical HCHS Staff	1,120,548	46.7%	523,752	1,176,467	41.8%	491,932	1,175,475	38.4%	451,044
All HCHS Staff	1,219,251	43.0%	523,752	1,279,792	38.4%	491,932	1,279,951	35.2%	451,044

Notes for both tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.
4. When comparing to last year's evidence it should also be remembered that last year's estimate of the staff with basic earnings under £21k per FTE was based on applying September 2009 workforce data to the known 2010/11 payscale. If we had used the 2009/10 payscale the estimates of the numbers earning under the £21k threshold would not have reflected the likely situation going into 2011/12. This means the 2009/10 results are not comparable to the estimates based on September 2009 data in last year's evidence. For example, this may be evident for Qualified Nurses as the bottom of Band 5 moved over the £21k threshold between 2009/10 and 2010/11. For informing 2012/13 decisions the 2010/11 estimates remain appropriate as the limited changes to payscale for 2011/12 do not interfere with identifying pay points under the £21k threshold.

Annex D: Estimated Share & Numbers of Non-Medical Staff at the Top of Their Pay Band by Staff Group, Band & Year

Set of tables D1: Estimated Non-Medical FTEs at the Top of Their Pay Band by Staff Group, Band & Year

	Estimated FTEs on Top of Their Agenda for Change Band (September 2008)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	40,840	31,470	9,850	1,390	563	104	32	2	-	84,252
Unqualified Nursing, HCA and Support	19,980	25,070	12,732	1,993	401	137	26	3	-	0	-	-	-	60,344
ST&Ts	114	2,392	1,703	2,335	4,743	8,408	5,710	2,438	952	691	366	40	-	29,892
Admin & Clerical	824	13,912	9,679	21,889	6,798	3,339	2,072	774	314	71	17	2	-	59,691
Maintenance & works	241	652	615	2,848	332	228	193	32	19	2	1	-	-	5,163
Ambulance Staff	7	136	1,315	326	6,840	581	123	41	10	3	-	-	-	9,381
Managers	-	6	19	101	317	1,256	2,208	2,575	2,275	1,266	626	143	-	10,792
Other	1	3	6	6	9	17	42	3	2	1	1	-	-	91
All Non-Medical	21,167	42,171	26,068	29,498	60,279	45,435	20,225	7,256	4,136	2,137	1,043	188	-	259,604

	Estimated FTEs on Top of Their Agenda for Change Band (September 2009)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	42,863	39,480	11,599	2,019	647	142	39	8	-	96,796
Unqualified Nursing, HCA and Support	20,101	27,355	17,315	2,212	374	153	32	6	2	2	1	-	-	67,553
ST&Ts	110	3,343	2,459	2,900	4,735	10,377	7,568	3,298	1,323	813	512	108	-	37,544
Admin & Clerical	692	18,694	14,938	22,585	7,031	4,527	2,594	959	365	94	23	1	-	72,504
Maintenance & works	279	601	633	2,798	552	236	205	51	21	2	3	-	-	5,382
Ambulance Staff	7	137	1,859	241	6,525	764	125	38	10	3	-	-	-	9,707
Managers	-	9	27	99	245	1,202	2,341	2,922	2,473	1,545	881	247	-	11,992
Other	1	3	8	6	10	21	46	4	4	2	1	-	-	106
All Non-Medical	21,188	50,143	37,238	30,841	62,334	56,759	24,509	9,297	4,846	2,604	1,461	364	-	301,585

	Estimated FTEs on Top of Their Agenda for Change Band (September 2010)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	44,952	39,536	22,708	2,663	835	235	45	9	-	110,983
Unqualified Nursing, HCA and Support	20,307	28,342	21,564	2,882	432	159	66	10	1	0	-	-	-	73,764
ST&Ts	96	3,529	3,230	3,347	5,338	11,866	11,650	4,233	1,997	996	783	153	-	47,218
Admin & Clerical	701	18,599	16,628	24,133	7,162	5,143	3,480	1,259	540	137	46	4	-	77,832
Maintenance & works	266	544	816	2,959	719	256	238	43	20	1	1	-	-	5,863
Ambulance Staff	6	131	1,720	395	6,280	1,108	168	36	28	4	-	-	-	9,874
Managers	-	1	23	62	173	975	2,200	3,241	2,840	1,983	1,100	352	-	12,948
Other	1	4	7	7	12	23	49	3	4	3	2	-	-	115
All Non-Medical	21,377	51,150	43,987	33,785	65,067	59,066	40,558	11,488	6,264	3,360	1,977	519	-	338,597

Notes for all tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.

4. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records when estimating the distribution of staff across bands, but a different treatment is employed for managers. Very Senior Managers cannot be identified in either ESR or the IC workforce census. This means they cannot be stripped out of the workforce data used in these estimates. Applying staff distributions ignoring records with no band would suggest too low a skill mix. Instead records with no band are identified for managers. This should not be taken to equal the number of Very Senior Managers as it will also include some Agenda for Change managers without a recorded band, although the data cleaning processes employed were designed to minimise this as much as possible.

Set of tables D2: Estimated Share of Non-Medical FTEs at the Top of Their Pay Band by Staff Group, Band & Year

	Estimated Share of FTEs on Top of Their Agenda for Change Band (September 2008)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					30%	30%	17%	13%	15%	10%	14%	11%		27%
Unqualified Nursing, HCA and Support	68%	29%	21%	21%	19%	28%	16%	8%	0%	10%		0%		32%
ST&Ts	57%	20%	16%	22%	19%	21%	17%	21%	17%	25%	21%	10%		19%
Admin & Clerical	52%	31%	22%	41%	31%	21%	24%	29%	30%	26%	20%	15%		31%
Maintenance & works	64%	41%	41%	70%	24%	39%	43%	33%	36%	33%	33%			51%
Ambulance Staff	67%	44%	23%	38%	63%	14%	14%	29%	10%	13%	0%			41%
Managers	0%	22%	21%	43%	39%	36%	29%	33%	33%	27%	25%	23%	0%	28%
Other	75%	39%	30%	22%	41%	28%	34%	16%	16%	11%	25%	0%		29%
All Non-Medical	67%	29%	21%	37%	30%	27%	19%	22%	24%	24%	23%	18%	0%	28%

	Estimated Share of FTEs on Top of Their Agenda for Change Band (September 2009)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					30%	38%	20%	17%	18%	12%	15%	19%		30%
Unqualified Nursing, HCA and Support	66%	30%	28%	21%	19%	32%	21%	15%	29%	28%	100%	0%		34%
ST&Ts	48%	26%	21%	24%	18%	24%	22%	26%	23%	29%	29%	26%		23%
Admin & Clerical	45%	41%	31%	40%	29%	25%	25%	29%	30%	27%	23%	6%		34%
Maintenance & works	64%	36%	40%	68%	40%	40%	43%	54%	44%	40%	100%	0%		52%
Ambulance Staff	100%	33%	31%	25%	56%	19%	13%	32%	9%	16%	0%			40%
Managers	0%	55%	32%	38%	34%	35%	28%	31%	32%	29%	28%	28%	0%	28%
Other	53%	49%	43%	24%	36%	34%	38%	18%	33%	22%	25%			34%
All Non-Medical	65%	33%	29%	36%	30%	33%	22%	25%	26%	27%	28%	27%	0%	31%

	Estimated Share of FTEs on Top of Their Agenda for Change Band (September 2010)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					30%	40%	41%	24%	24%	21%	17%	14%		34%
Unqualified Nursing, HCA and Support	69%	31%	35%	25%	19%	31%	34%	29%	55%	9%				37%
ST&Ts	44%	28%	26%	26%	18%	26%	34%	32%	34%	35%	48%	38%		28%
Admin & Clerical	46%	43%	34%	43%	26%	26%	29%	34%	37%	32%	31%	17%		36%
Maintenance & works	62%	36%	52%	75%	48%	47%	54%	58%	54%	33%	100%	0%		58%
Ambulance Staff	100%	34%	31%	37%	49%	28%	18%	32%	32%	19%	0%			39%
Managers	0%	20%	59%	39%	31%	37%	31%	35%	37%	37%	33%	34%	0%	32%
Other	22%	28%	43%	24%	35%	36%	47%	18%	36%	36%	42%			37%
All Non-Medical	68%	34%	34%	39%	29%	35%	36%	30%	34%	34%	37%	34%	0%	35%

Notes for all tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.

4. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records when estimating the distribution of staff across bands, but a different treatment is employed for managers. Very Senior Managers cannot be identified in either ESR or the IC workforce census. This means they cannot be stripped out of the workforce data used in these estimates. Applying staff distributions ignoring records with no band would suggest too low a skill mix. Instead records with no band are identified for managers. This should not be taken to equal the number of Very Senior Managers as it will also include some Agenda for Change managers without a recorded band, although the data cleaning processes employed were designed to minimise this as much as possible.

Set of tables D3: Estimated Non-Medical Headcount at the Top of Their Pay Band by Staff Group, Band & Year

	Estimated Headcount on Top of Their Agenda for Change Band (September 2008)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	55,186	40,898	11,457	1,541	616	111	37	3	-	109,848
Unqualified Nursing, HCA and Support	30,433	33,250	15,131	2,507	472	172	31	4	-	1	-	-	-	82,001
ST&Ts	122	3,229	2,096	2,868	5,613	11,321	7,053	2,990	1,139	865	399	44	-	37,737
Admin & Clerical	1,179	18,848	11,973	25,047	7,421	3,646	2,216	822	322	74	17	2	-	71,567
Maintenance & works	371	676	626	2,885	337	236	196	32	20	2	1	-	-	5,383
Ambulance Staff	9	171	1,437	349	7,117	593	126	41	10	3	-	-	-	9,856
Managers	-	8	23	117	347	1,346	2,380	2,718	2,382	1,314	646	149	-	11,431
Other	1	5	8	8	11	22	45	3	3	1	1	-	-	108
All Non-Medical	32,115	56,187	31,294	33,780	76,504	58,235	23,505	8,151	4,492	2,371	1,100	197	-	327,931

	Estimated Headcount on Top of Their Agenda for Change Band (September 2009)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	57,933	52,234	13,617	2,264	707	153	43	9	-	126,961
Unqualified Nursing, HCA and Support	30,967	36,836	21,584	2,827	443	184	37	6	2	4	1	-	-	92,891
ST&Ts	119	4,529	3,041	3,582	5,676	14,039	9,427	3,981	1,583	1,005	570	116	-	47,668
Admin & Clerical	1,014	26,162	18,838	25,980	7,728	4,976	2,799	1,021	381	105	27	1	-	89,032
Maintenance & works	449	633	647	2,858	563	243	208	53	22	2	3	-	-	5,681
Ambulance Staff	8	171	2,063	247	6,844	781	128	38	10	3	-	-	-	10,293
Managers	-	13	33	115	267	1,291	2,538	3,100	2,603	1,606	909	255	-	12,729
Other	1	5	11	8	12	27	52	4	5	2	1	-	-	129
All Non-Medical	32,558	68,349	46,217	35,617	79,468	73,775	28,807	10,467	5,312	2,880	1,554	380	-	385,384

	Estimated Headcount on Top of Their Agenda for Change Band (September 2010)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing	-	-	-	-	59,469	51,728	26,679	2,953	905	256	50	9	-	142,048
Unqualified Nursing, HCA and Support	31,128	37,849	26,518	3,701	510	193	74	11	1	1	-	-	-	99,985
ST&Ts	106	4,749	3,982	4,131	6,354	15,639	14,439	5,031	2,341	1,211	858	162	-	59,003
Admin & Clerical	1,008	25,980	21,002	27,791	7,868	5,646	3,745	1,335	560	146	50	5	-	95,136
Maintenance & works	425	577	836	3,022	734	264	242	45	20	1	1	-	-	6,167
Ambulance Staff	7	166	1,943	417	6,619	1,137	173	37	28	4	-	-	-	10,530
Managers	-	1	34	74	184	1,043	2,379	3,439	2,977	2,058	1,137	364	-	13,689
Other	1	6	10	9	13	30	54	4	5	3	2	-	-	137
All Non-Medical	32,675	69,329	54,324	39,145	81,749	75,680	47,784	12,853	6,836	3,680	2,098	541	-	426,695

Notes for all tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.

4. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records when estimating the distribution of staff across bands, but a different treatment is employed for managers. Very Senior Managers cannot be identified in either ESR or the IC workforce census. This means they cannot be stripped out of the workforce data used in these estimates. Applying staff distributions ignoring records with no band would suggest too low a skill mix. Instead records with no band are identified for managers. This should not be taken to equal the number of Very Senior Managers as it will also include some Agenda for Change managers without a recorded band, although the data cleaning processes employed were designed to minimise this as much as possible.

Set of tables D4: Estimated Share of Non-Medical Headcount at the Top of Their Pay Band by Staff Group, Band & Year

	Estimated Share of Headcount on Top of Their Agenda for Change Band (September 2008)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					33%	31%	17%	13%	15%	10%	15%	10%		28%
Unqualified Nursing, HCA and Support	66%	30%	21%	21%	20%	28%	16%	8%	0%	33%		0%		33%
ST&Ts	57%	21%	16%	23%	21%	24%	18%	21%	17%	27%	20%	10%		21%
Admin & Clerical	52%	31%	22%	41%	31%	21%	24%	29%	30%	26%	19%	14%		31%
Maintenance & works	63%	40%	41%	70%	24%	39%	43%	33%	37%	33%	33%			51%
Ambulance Staff	67%	47%	23%	39%	63%	14%	14%	29%	10%	13%	0%			41%
Managers	0%	21%	21%	45%	40%	36%	30%	33%	34%	27%	25%	24%	0%	29%
Other	80%	41%	33%	24%	41%	30%	34%	16%	16%	11%	25%	0%		31%
All Non-Medical	66%	30%	21%	37%	32%	28%	19%	22%	24%	25%	23%	18%	0%	29%

	Estimated Share of Headcount on Top of Their Agenda for Change Band (September 2009)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					33%	40%	20%	17%	18%	12%	15%	18%		32%
Unqualified Nursing, HCA and Support	65%	31%	29%	21%	20%	33%	21%	15%	25%	38%	100%	0%		36%
ST&Ts	48%	28%	21%	25%	20%	28%	23%	26%	23%	30%	30%	26%		25%
Admin & Clerical	47%	42%	32%	41%	30%	25%	25%	30%	30%	28%	24%	6%		36%
Maintenance & works	64%	35%	40%	68%	40%	40%	43%	54%	44%	40%	100%	0%		52%
Ambulance Staff	100%	37%	31%	25%	56%	19%	13%	31%	9%	15%	0%			40%
Managers	0%	55%	33%	39%	34%	36%	29%	32%	32%	29%	28%	28%	0%	29%
Other	57%	53%	48%	24%	36%	36%	38%	19%	32%	22%	25%			35%
All Non-Medical	64%	35%	29%	37%	32%	35%	22%	25%	26%	27%	28%	27%	0%	33%

	Estimated Share of Headcount on Top of Their Agenda for Change Band (September 2010)													
	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Non-Recorded *4	Total
Qualified nursing					33%	42%	41%	24%	24%	21%	17%	13%		36%
Unqualified Nursing, HCA and Support	68%	32%	36%	26%	19%	32%	33%	28%	50%	33%				39%
ST&Ts	45%	30%	26%	28%	20%	30%	35%	32%	35%	37%	48%	39%		30%
Admin & Clerical	48%	44%	35%	44%	27%	27%	29%	34%	37%	33%	32%	19%		38%
Maintenance & works	63%	35%	51%	75%	49%	48%	54%	58%	53%	33%	100%	0%		58%
Ambulance Staff	100%	38%	32%	38%	49%	28%	18%	32%	32%	19%	0%			40%
Managers	0%	20%	65%	42%	30%	38%	32%	35%	38%	37%	33%	35%	0%	33%
Other	23%	33%	48%	24%	35%	39%	48%	20%	36%	35%	41%			38%
All Non-Medical	67%	36%	35%	40%	31%	37%	37%	31%	34%	35%	37%	34%	0%	36%

Notes for all tables:

1. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there are slight changes to some historic data.

4. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records when estimating the distribution of staff across bands, but a different treatment is employed for managers. Very Senior Managers cannot be identified in either ESR or the IC workforce census. This means they cannot be stripped out of the workforce data used in these estimates. Applying staff distributions ignoring records with no band would suggest too low a skill mix. Instead records with no band are identified for managers. This should not be taken to equal the number of Very Senior Managers as it will also include some Agenda for Change managers without a recorded band, although the data cleaning processes employed were designed to minimise this as much as possible.

ANNEX E

Table 1: Numbers of Building Craft Workers & Associated Roles across AfC Band (FTEs) - Sept 2010

	AfC Band:												
Job Roles	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Total
Building Craftsperson	1	3	90	298	28	3	-	-	2	-	-	-	424
Carpenter	-	-	50	123	13	-	-	-	-	-	-	-	186
Building Officer	1	27	22	22	39	145	140	34	11	3	1	-	447
Electrician	-	19	29	488	84	10	5	-	1	-	-	-	636
Engineer	-	9	42	153	120	148	120	20	13	1	1	-	626
Fitter	-	5	4	147	26	1	1	-	-	-	-	-	185
Maintenance Craftsperson	4	164	371	1,646	336	52	35	3	6	-	-	-	2,616
Painter/Decorator	-	-	119	112	3	-	-	-	-	-	-	-	234
Plumber	-	-	6	109	4	-	-	-	-	-	-	-	120

Table 2: Distribution of Building Craft Workers & Associated Roles across AfC Band (FTEs) - Sept 2010

	AfC Band:												
Job Roles	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Total
Building Craftsperson	0%	1%	21%	70%	7%	1%	-	-	1%	-	-	-	100%
Carpenter	-	-	27%	66%	7%	-	-	-	0%	-	-	-	100%
Building Officer	0%	6%	5%	5%	9%	32%	31%	8%	2%	1%	0%	-	100%
Electrician	-	3%	5%	77%	13%	2%	1%	-	0%	-	-	-	100%
Engineer	-	1%	7%	24%	19%	24%	19%	3%	2%	0%	0%	0%	100%
Fitter	-	3%	2%	80%	14%	1%	1%	-	-	-	-	-	100%
Maintenance Craftsperson	0%	6%	14%	63%	13%	2%	1%	0%	0%	-	-	-	100%
Painter/Decorator	-	-	51%	48%	1%	-	-	-	-	-	-	-	100%
Plumber	-	-	5%	91%	4%	-	-	-	-	-	-	-	100%

Notes for all tables:

1. Estimates derived by applying staff distributions across AfC Bands, from the Electronic Staff Record (ESR), to Information Centre Workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence, which may slightly affect comparisons with previous data.
4. Given that there is not a universal description of the job roles in ESR, for instance a Building Officer could be described as an 'Officer' or 'Manager', it is likely that this analysis will not represent full coverage of the staff numbers belonging to each of the job roles.
5. Each of the job roles cross over more than one pay metric group. The total numbers of staff by job role will therefore not match the breakdown provided of the numbers of staff earning above and below £21K per FTE by consolidated job role within each pay metric group. In this analysis, staff belonging to job roles which only represent a small proportion of the pay bill group were consolidated within the 'Other' category.

Table 3: Numbers of Building Craft Workers & Associated Roles across AfC Band (HC) - Sept 2010

	AfC Band:												
Job Roles	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Total
Building Craftsperson	1	3	91	301	28	3	-	-	2	-	-	-	429
Carpenter	-	-	51	127	14	-	-	-	-	-	-	-	192
Building Officer	1	28	23	22	40	148	143	35	12	3	1	-	458
Electrician	-	19	29	502	87	10	5	-	1	-	-	-	653
Engineer	-	10	43	155	120	149	120	20	13	1	1	-	632
Fitter	-	5	4	150	27	1	1	-	-	-	-	-	188
Maintenance Craftsperson	5	173	382	1,671	339	54	35	3	6	-	-	-	2,671
Painter/Decorator	-	-	120	115	3	-	-	-	-	-	-	-	239
Plumber	-	-	6	112	4	-	-	-	-	-	-	-	122

Table 4: Distribution of Building Craft Workers & Associated Roles across AfC Band (HC) - Sept 2010

	AfC Band:												
Job Roles	1	2	3	4	5	6	7	8a	8b	8c	8d	9	Total
Building Craftsperson	0%	1%	21%	70%	6%	1%	-	-	1%	-	-	-	100%
Carpenter	-	-	27%	66%	7%	-	-	-	0%	-	-	-	100%
Building Officer	0%	6%	5%	5%	9%	32%	31%	8%	3%	1%	0%	-	100%
Electrician	-	3%	4%	77%	13%	1%	1%	-	0%	-	-	-	100%
Engineer	-	2%	7%	25%	19%	24%	19%	3%	2%	0%	0%	0%	100%
Fitter	-	3%	2%	80%	14%	1%	1%	-	-	-	-	-	100%
Maintenance Craftsperson	0%	6%	14%	63%	13%	2%	1%	0%	0%	-	-	-	100%
Painter/Decorator	-	-	50%	48%	1%	-	-	-	-	-	-	-	100%
Plumber	-	-	5%	91%	3%	-	-	-	-	-	-	-	100%

Notes for all tables:

1. Estimates derived by applying staff distributions across AfC Bands, from the Electronic Staff Record (ESR), to Information Centre Workforce Census data.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence, which may slightly affect comparisons with previous data.
4. Given that there is not a universal description of the job roles in ESR, for instance a Building Officer could be described as an 'Officer' or 'Manager', it is likely that this analysis will not represent full coverage of the staff numbers belonging to each of the job roles.
5. Each of the job roles cross over more than one pay metric group. The total numbers of staff by job role will therefore not match the breakdown provided of the numbers of staff earning above and below £21K per FTE by consolidated job role within each pay metric group. In this analysis, staff belonging to job roles which only represent a small proportion of the pay bill group were consolidated within the 'Other' category.

Annex F: Average Basic Pay Increases for Those Under the £21k Threshold and by Band & Staff Group Based on September 2010 Staff Distribution

Table F1: Estimated Average Basic Pay per FTE Increase: Excluding Progression With £250 Uplift for Pay Points 1-15 For AfC Staff on Pay Points 1-15

	Estimated Average Basic Pay per FTE Increase Excluding Progression (Based on Sept 2010 Staff Distribution) With £250 Uplift per FTE for Pay Points 1-15 for AfC Staff On Pay Points 1-15								
Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	1.7%		1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.8%
2	1.6%		1.6%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%
3	1.4%		1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
4	1.3%		1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
All	1.5%		1.6%	1.5%	1.5%	1.5%	1.4%	1.3%	1.4%

Table F2: Estimated Average Basic Pay per FTE Increase: Including Progression With £250 Uplift for Pay Points 1-15 For AfC Staff on Pay Points 1-15

	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) With £250 Uplift per FTE for Pay Points 1-15 for AfC Staff On Pay Points 1-15								
Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	2.6%		2.5%	3.1%	3.0%	2.7%	1.7%	4.4%	3.7%
2	3.4%		3.5%	3.6%	3.2%	3.5%	3.3%	3.8%	3.5%
3	3.3%		3.2%	3.5%	3.3%	2.8%	3.4%	2.5%	2.9%
4	4.0%		4.0%	4.0%	4.0%	4.0%	3.9%	4.0%	3.9%
All	3.3%		3.3%	3.7%	3.4%	3.2%	3.5%	3.4%	3.5%

Table F3: Estimated Average Basic Pay per FTE Increase: Including Progression Without £250 Uplift for Pay Points 1-15 For AfC Staff on Pay Points 1-15

	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) Without £250 Uplift per FTE for Pay Points 1-15 for AfC Staff On Pay Points 1-15								
Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	0.8%		0.8%	1.4%	1.3%	0.9%	0.0%	2.6%	2.0%
2	1.8%		1.9%	2.0%	1.6%	1.9%	1.7%	2.1%	1.8%
3	1.9%		1.8%	2.1%	1.9%	1.4%	2.0%	1.1%	1.5%
4	2.9%		2.9%	2.9%	2.9%	2.9%	2.8%	2.9%	2.8%
All	1.9%		1.7%	2.2%	2.0%	1.8%	2.1%	2.2%	2.1%

Table F4: Estimated Average Basic Pay per FTE Increase: Including Progression With £250 Uplift for Pay Points 1-15 For All AfC Staff Including Those on Top of Bands

	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) With £250 Uplift per FTE for Pay Points 1-15 for All AfC Staff Including Those on Top of Bands								
Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	2.6%		2.5%	3.1%	3.0%	2.7%	1.7%	4.4%	3.7%
2	3.4%		3.5%	3.6%	3.2%	3.5%	3.3%	3.8%	3.5%
3	3.3%		3.2%	3.5%	3.3%	2.8%	3.4%	2.5%	2.9%
4	2.3%		2.8%	2.8%	2.2%	0.9%	2.4%	2.2%	2.8%
5	2.7%	2.6%	3.1%	3.0%	2.8%	2.0%	2.0%	2.7%	2.5%
6	2.3%	2.1%	2.5%	2.6%	2.7%	2.0%	2.6%	2.3%	2.3%
7	2.2%	2.1%	2.3%	2.3%	2.5%	1.6%	2.9%	2.4%	1.8%
8a	2.6%	2.9%	2.8%	2.6%	2.5%	1.5%	2.6%	2.4%	3.1%
8b	3.1%	3.6%	2.5%	3.1%	2.9%	2.3%	3.1%	2.8%	3.1%
8c	3.0%	3.7%	3.1%	3.0%	2.9%	2.4%	3.1%	2.9%	3.0%
8d	2.9%	3.7%		2.5%	3.1%	0.0%	4.9%	3.0%	2.8%
9	3.2%	4.2%		2.9%	3.9%	4.8%		3.1%	
All	2.7%	2.4%	3.2%	2.8%	2.8%	2.0%	2.5%	2.6%	2.4%

Table F5: Estimated Average Basic Pay per FTE Increase: Including Progression With £250 Uplift for Pay Points 1-15 For AfC Staff Excluding Those on Top of Bands

	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) With £250 Uplift per FTE for Pay Points 1-15 for AfC Staff Excluding Those on Top of Bands								
Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	4.3%		4.3%	4.3%	4.3%	4.3%		4.4%	4.4%
2	4.5%		4.5%	4.5%	4.5%	4.5%	4.5%	4.4%	4.5%
3	4.3%		4.2%	4.3%	4.4%	4.3%	4.4%	4.7%	4.3%
4	3.9%		3.8%	3.9%	3.8%	3.8%	3.9%	3.8%	3.8%
5	3.9%	3.9%	3.9%	3.8%	3.9%	4.0%	3.8%	3.9%	3.8%
6	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.6%	3.7%	3.8%
7	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.6%	3.5%
8a	3.8%	3.8%	3.9%	3.8%	3.8%	3.7%	3.8%	3.8%	3.8%
8b	4.6%	4.8%	5.1%	4.7%	4.6%	4.8%	4.6%	4.5%	4.8%
8c	4.6%	4.7%	4.7%	4.7%	4.3%	3.6%	3.8%	4.5%	4.7%
8d	4.6%	4.5%		4.8%	4.5%		4.9%	4.6%	4.8%
9	4.8%	4.8%		4.8%	4.8%	4.8%		4.8%	
All	4.0%	3.8%	4.4%	3.9%	4.1%	4.1%	3.9%	4.1%	3.8%

Table F6: Estimated Average Basic Pay per FTE Increase: Including Progression Without £250 Uplift for Pay Points 1-15 For All AfC Staff Including Those on Top of Bands

Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) Without £250 Uplift per FTE for Pay Points 1-15 for All AfC Staff Including Those on Top of Bands								
1	0.8%		0.8%	1.4%	1.3%	0.9%	0.0%	2.6%	2.0%
2	1.8%		1.9%	2.0%	1.6%	1.9%	1.7%	2.1%	1.8%
3	1.9%		1.8%	2.1%	1.9%	1.4%	2.0%	1.1%	1.5%
4	1.8%		2.2%	2.1%	1.6%	0.7%	1.8%	1.7%	2.1%
5	2.7%	2.6%	3.1%	3.0%	2.8%	2.0%	2.0%	2.7%	2.5%
6	2.3%	2.1%	2.5%	2.6%	2.7%	2.0%	2.6%	2.3%	2.3%
7	2.2%	2.1%	2.3%	2.3%	2.5%	1.6%	2.9%	2.4%	1.8%
8a	2.6%	2.9%	2.8%	2.6%	2.5%	1.5%	2.6%	2.4%	3.1%
8b	3.1%	3.6%	2.5%	3.1%	2.9%	2.3%	3.1%	2.8%	3.1%
8c	3.0%	3.7%	3.1%	3.0%	2.9%	2.4%	3.1%	2.9%	3.0%
8d	2.9%	3.7%		2.5%	3.1%	0.0%	4.9%	3.0%	2.8%
9	3.2%	4.2%		2.9%	3.9%	4.8%		3.1%	
All	2.2%	2.4%	1.7%	2.5%	2.0%	1.3%	2.1%	2.6%	2.2%

Table F7: Estimated Average Basic Pay per FTE Increase: Including Progression Without £250 Uplift for Pay Points 1-15 For AfC Staff Excluding Those on Top of Bands

Band	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
	Estimated Average Basic Pay per FTE Increase Including Progression (Based on Sept 2010 Staff Distribution) Without £250 Uplift per FTE for Pay Points 1-15 for AfC Staff Excluding Those on Top of Bands								
1	2.5%		2.5%	2.5%	2.5%	2.5%		2.6%	2.6%
2	2.9%		2.9%	2.9%	2.8%	2.9%	0.0%	2.6%	2.7%
3	2.8%		2.8%	2.8%	2.9%	2.8%	0.0%	3.2%	2.8%
4	2.9%		2.9%	2.9%	2.9%	2.9%	0.4%	2.9%	2.8%
5	3.9%	3.9%	3.9%	3.8%	3.9%	4.0%	0.2%	3.9%	3.8%
6	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	2.2%	3.7%	3.8%
7	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	22.5%	3.6%	3.5%
8a	3.8%	3.8%	3.9%	3.8%	3.8%	3.7%	308.4%	3.8%	3.8%
8b	4.6%	4.8%	5.1%	4.7%	4.6%	4.8%	366.6%	4.5%	4.8%
8c	4.6%	4.7%	4.7%	4.7%	4.3%	3.6%	997.6%	4.5%	4.7%
8d	4.6%	4.5%		4.8%	4.5%		4249.3%	4.6%	4.8%
9	4.8%	4.8%		4.8%	4.8%	4.8%		4.8%	
All	3.4%	3.8%	2.8%	3.5%	3.2%	3.1%	3.5%	4.1%	3.5%

Notes for all tables:

1. The percentage increases to basic pay per FTE implied by the proposed £250 uplift and incremental progression are first calculated by AfC band and point through a simple analysis of the payscale.

2. These are then applied to the estimated distribution of staff headcount across AfC bands and points to give average increases by AfC band and staff group.

3. Headcount rather than FTE data is used to represent the impact on individuals. Costings are done on an FTE basis as appropriate for estimating the impact on employers.

4. The estimates of staff distributions across pay points are derived by distribution data from the Electronic Staff Record (ESR) to Information Centre workforce Census data. Data cleaning processes are applied to the ESR data before use.

5. The distribution of staff is likely to change slightly between September 2010 and 2012/13 so these figures should be treated as indicative estimates

Annex G – Tables 1-4

Band	Proportion of staff FTEs receiving a RRP (either General or Long Term) by Staff Group and AfC band - June 2010								
	All AfC	Qualified Nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & Works	Ambulance Staff	Managers	Other
1	0.2%		0.2%			0.4%			
2	0.4%		0.6%	0.3%	0.2%	1.3%			
3	2.3%		3.8%	0.4%	0.9%	12.0%			
4	5.2%		5.6%	2.7%	1.0%	74.5%		0.7%	0.8%
5	8.7%	11.0%	3.9%	4.3%	1.2%	77.1%	0.6%	1.1%	4.9%
6	9.1%	12.3%	3.3%	7.0%	1.1%	21.6%	0.1%	0.9%	13.1%
7	9.5%	13.1%	7.1%	8.5%	1.3%	5.0%	11.5%	1.6%	10.7%
8a	5.5%	10.4%		5.2%	1.3%	3.7%	1.2%	2.0%	3.1%
8b	3.7%	9.7%	54.5%	3.7%	1.3%			1.6%	2.1%
8c	2.8%	6.7%		3.1%	2.8%	25.0%		1.9%	
8d	2.2%	3.5%	100.0%	1.8%	7.0%	50.0%		2.1%	
9	4.5%	4.0%		1.6%				5.8%	
All	**5.8%**	**11.7%**	**1.9%**	**5.1%**	**0.9%**	**43.6%**	**0.8%**	**1.8%**	**6.8%**

Band	Distribution of staff FTEs receiving a RRP (either General or Long Term) across AfC band by Staff Group - June 2010								
	All AfC	Qualified Nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & Works	Ambulance Staff	Managers	Other
1	0%		2%			0%			
2	1%		15%	0%	5%	0%			
3	5%		64%	1%	23%	4%			
4	8%		17%	4%	30%	66%		0%	1%
5	34%	44%	3%	14%	18%	26%	41%	1%	7%
6	27%	32%	1%	36%	12%	3%	2%	4%	36%
7	19%	19%	0%	33%	8%	1%	56%	18%	52%
8a	4%	3%		8%	3%	0%	1%	27%	3%
8b	1%	1%	0%	2%	1%			18%	1%
8c	0%	0%		1%	1%	0%		15%	
8d	0%	0%	0%	0%	0%	0%		10%	
9	0%	0%		0%				8%	
All	100%	100%	100%	100%	100%	100%	100%	100%	100%

Band	Proportion of staff FTEs receiving a RRP (either General or Long Term) by Staff Group and AfC band - June 2011								
	All AfC	Qualified nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & works	Ambulance Staff	Managers	Other
1	0.1%		0.1%			0.6%			
2	0.4%		0.5%	0.2%	0.2%	1.1%			
3	2.2%		3.8%	0.4%	0.7%	12.1%			
4	4.8%		5.0%	2.0%	1.0%	69.8%		0.9%	
5	7.4%	9.3%	3.0%	3.4%	1.2%	72.2%	0.0%	1.4%	2.1%
6	8.0%	10.7%	3.2%	6.1%	1.2%	23.3%	0.1%	0.9%	6.8%
7	8.5%	11.7%	2.9%	7.3%	1.2%	5.7%	10.6%	1.4%	7.7%
8a	4.6%	8.6%	3.5%	4.4%	1.0%	4.5%	1.0%	1.7%	5.2%
8b	3.3%	8.5%		3.3%	1.1%			1.6%	
8c	2.7%	6.9%		3.0%	2.5%			1.7%	
8d	2.2%	3.6%		1.7%	5.8%			2.2%	
9	4.1%	3.5%		1.5%				5.2%	
All	**5.2%**	**10.1%**	**1.8%**	**4.4%**	**0.8%**	**41.9%**	**0.4%**	**1.7%**	**4.4%**

Band	Distribution of staff FTEs receiving a RRP (either General or Long Term) across AfC band by Staff Group - June 2011								
	All AfC	Qualified Nursing	Unqualified Nursing, HCA and Support	ST&Ts	Admin & Clerical	Maintenance & Works	Ambulance Staff	Managers	Other
1	0%		1%			0%			
2	1%		14%	0%	4%	0%			
3	6%		66%	1%	21%	5%			
4	8%		17%	3%	32%	65%		0%	
5	33%	44%	2%	13%	18%	26%	3%	1%	6%
6	27%	32%	0%	37%	13%	3%	3%	3%	36%
7	19%	20%	0%	34%	9%	1%	92%	15%	52%
8a	3%	3%	0%	8%	2%	0%	1%	26%	6%
8b	1%	1%		2%	1%			19%	
8c	1%	0%		1%	1%			15%	
8d	0%	0%		0%	0%			12%	
9	0%	0%		0%				9%	
All	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes for all tables:
1. Staff receiving a RRP are defined as those with a positive payment recorded in either the General or Long Term RRP fields of ESR. RRPs may be recorded in other payment fields in ESR, but this would be difficult to assess.
2. Data cleaning processes are applied to the ESR extracts before use.
3. The data cleaning processes applied have been developed since the production of last year's evidence so there may be slight differences when comparing to previous data.
4. The analysis applies to staff who have a valid recorded AfC Band and spinal point only. VSMs are excluded.

Annex G Table 5

Proportion of staff FTEs receiving a RRP by consolidated selected job roles (June 2011)			
Paybill Group	**Consolidated Job Role**	**Proportion of staff FTEs receiving a RRP**	**% of Paybill Group FTEs receiving a RRP in Job Role**
Qualified Nursing	Community Nurse	13%	16%
	Community Practitioner	8%	3%
	Enrolled Nurse	23%	2%
	Midwife & Related Roles	9%	6%
	Modern Matron	11%	2%
	Nurse Manager	10%	4%
	Sister/Charge Nurse	10%	10%
	Specialist Nurse Practitioner	12%	9%
	Staff Nurse	9%	48%
	Other	10%	1%
Unqualified Nursing, HCA and Support	Assistant/Associate Practitioner	1%	2%
	Community Nurse	6%	1%
	Health Care Support Worker	2%	21%
	Healthcare Assistant	2%	55%
	Helper/Assistant	5%	5%
	Housekeeper	1%	2%
	Multi Therapist	93%	2%
	Nursery Nurse	4%	5%
	Staff Nurse	6%	1%
	Other	0%	6%
ST&Ts	Chaplain	71%	5%
	Chiropodist/Podiatrist & Related Roles	9%	4%
	Clinical Psychologist	2%	2%
	Diagnostic Radiographer & Related Roles	10%	17%
	Dietitian & Related Roles	7%	4%
	Multi Therapist & Related Roles	21%	2%
	Occupational Therapist & Related Roles	10%	19%
	Orthoptist & Related Roles	9%	1%
	Pharmacist	2%	2%
	Physiotherapist & Related Roles	8%	19%
	Practitioner	6%	3%
	Speech and Language Therapist	1%	1%
	Technical Instructor	5%	1%
	Technician	2%	7%
	Therapeutic Radiographer & Related Roles	12%	3%
	Other	1%	9%
Admin & Clerical	Accountant	2%	2%
	Adviser	1%	2%
	Analyst	1%	2%
	Clerical Worker	1%	33%
	Manager	1%	8%
	Medical Secretary	0%	4%
	Officer	1%	33%
	Receptionist	1%	2%
	Secretary	1%	4%
	Senior Manager	1%	1%
	Technician	1%	2%
	Other	1%	6%
Maintenance & Works	Assistant	8%	1%
	Building Craftsperson	40%	4%
	Building Officer	18%	1%
	Carpenter	32%	2%
	Chargehand	48%	2%
	Electrician	86%	13%
	Engineer	50%	5%
	Fitter	82%	3%
	Maintenance Craftsperson	61%	37%
	Mechanic	85%	8%
	Painter/Decorator	18%	1%
	Plumber	90%	2%
	Supervisor	52%	7%
	Support Worker	9%	1%
	Technician	55%	10%
	Other	4%	2%
Ambulance	Manager	30%	87%
	Paramedic	0%	6%
	Paramedic Manager	0%	3%
	Technical Instructor	12%	4%
Managers	Accountant	1%	1%
	Adviser	3%	1%
	Architect	57%	4%
	Clerical Worker	4%	3%
	Manager	2%	45%
	Nurse Manager	9%	4%
	Officer	2%	2%
	Other Executive Director	4%	1%
	Senior Manager	1%	30%
	Other	4%	7%
Other	Community Nurse	34%	38%
	Midwife - Specialist Practitioner	100%	4%
	Nurse Manager	22%	6%
	Officer	1%	2%
	Specialist Nurse Practitioner	10%	37%
	Staff Nurse	6%	13%

ANNEX H

Table 1: Number and proportion of staff by FTEs earning under £21k per FTE by pay metric group and consolidated selected job roles (Sept 2010)

		Estimated FTEs					
Paybill Group	Consolidated Job Role	Under £21k	Over £21k	Total	% Under £21k	% of Paybill Group in Job Role	% of Paybill Group Under £21k in Job Role
Qualified Nursing		-	322,190	322,190	0.0%	-	-
Unqualified Nursing, HCA and Support	Assistant/Associate Practitioner	8,438	104	8,542	99%	4%	4%
	Clerical Worker	3,579	81	3,660	98%	2%	2%
	Community Nurse	504	273	777	65%	0%	0%
	Cook	1,790	94	1,884	95%	1%	1%
	Driver	2,247	9	2,255	100%	1%	1%
	Health Care Support Worker	38,401	942	39,343	98%	20%	20%
	Healthcare Assistant	80,974	995	81,969	99%	42%	43%
	Helper/Assistant	3,474	77	3,551	98%	2%	2%
	Housekeeper	9,353	17	9,370	100%	5%	5%
	Nursery Nurse	2,892	1,622	4,514	64%	2%	2%
	Officer	435	142	578	75%	0%	0%
	Porter	8,156	38	8,194	100%	4%	4%
	Receptionist	828	5	834	99%	0%	0%
	Social Care Support Worker	1,834	192	2,025	91%	1%	1%
	Staff Nurse	274	358	632	43%	0%	0%
	Student Nurses	957	617	1,574	61%	1%	1%
	Supervisor	1,483	147	1,630	91%	1%	1%
	Support Worker	20,655	78	20,733	100%	11%	11%
	Support, Time, Recovery Worker	718	80	798	90%	0%	0%
	Technician	691	45	736	94%	0%	0%
	Telephonist	706	13	719	98%	0%	0%
	Other	1,889	1,041	2,930	64%	1%	1%
	Unqualified Nursing, HCA & Support Total	**190,276**	**6,972**	**197,247**	**96.5%**	**100%**	**100%**
ST&Ts	Assistant/Associate Practitioner	751	609	1,360	55%	1%	2%
	Assistant Psychologist	225	799	1,024	22%	1%	1%
	Biomedical Scientist	61	13,332	13,393	0%	8%	0%
	Chiropodist/Podiatrist & Related Roles	22	3,304	3,327	1%	2%	0%
	Clinical Psychologist	32	6,934	6,966	0%	4%	0%
	Counsellor	12	909	920	1%	1%	0%
	Dental Surgery Assistant	701	1,346	2,046	34%	1%	2%
	Dietitian & Related Roles	32	3,574	3,605	1%	2%	0%
	Health Care Support Worker	1,106	206	1,312	84%	1%	3%
	Healthcare Assistant	750	130	880	85%	1%	2%
	Healthcare Scientist	79	4,952	5,030	2%	3%	0%
	Helper/Assistant	11,263	800	12,063	93%	7%	34%
	Medical Laboratory Assistant	6,529	228	6,758	97%	4%	19%
	Occupational Therapist & Related Roles	176	13,506	13,681	1%	8%	1%
	Orthoptist & Related Roles	7	777	784	1%	0%	0%
	Pharmacist	125	7,672	7,797	2%	5%	0%
	Phlebotomist	1,532	48	1,580	97%	1%	5%
	Physiotherapist & Related Roles	207	18,315	18,522	1%	11%	1%
	Practitioner	187	3,939	4,126	5%	2%	1%
	Psychotherapist	16	1,617	1,633	1%	1%	0%
	Diagnostic Radiographer & Related Roles	71	12,859	12,930	1%	8%	0%
	Therapeutic Radiographer & Related Roles	13	2,237	2,250	1%	1%	0%
	Social Care Support Worker	572	270	842	68%	0%	2%
	Social Worker	27	952	979	3%	1%	0%
	Specialist Practitioner	28	1,055	1,083	3%	1%	0%
	Speech and Language Therapist & Related Roles	61	6,135	6,196	1%	4%	0%
	Students	376	507	883	43%	1%	1%
	Technical Instructor	1,084	1,164	2,248	48%	1%	3%
	Technician	5,788	20,589	26,378	22%	15%	17%
	Trainee Practitioner	318	1,245	1,562	20%	1%	1%
	Trainee Scientist	37	755	792	5%	0%	0%
	Other	1,402	6,158	7,560	19%	4%	4%
	ST&Ts Total	**33,578**	**136,933**	**170,511**	**19.7%**	**100%**	**100%**
Admin & Clerical	Accountant	255	2,155	2,410	11%	1%	0%
	Adviser	835	3,602	4,437	19%	2%	1%
	Analyst	575	3,942	4,517	13%	2%	0%
	Call Operator	821	241	1,062	77%	0%	1%
	Clerical Worker	67,495	14,980	82,475	82%	38%	56%
	Control Assistant	999	280	1,279	78%	1%	1%
	Manager	347	15,678	16,025	2%	7%	0%
	Medical Secretary	7,762	10,004	17,766	44%	8%	6%
	Officer	23,183	30,194	53,378	43%	25%	19%
	Personal Assistant	1,848	3,668	5,516	34%	3%	2%
	Receptionist	6,693	87	6,780	99%	3%	6%
	Secretary	7,638	2,121	9,759	78%	5%	6%
	Senior Manager	15	2,199	2,215	1%	1%	0%
	Technician	606	2,202	2,808	22%	1%	0%
	Other	2,295	2,180	4,475	51%	2%	2%
	Admin & Clerical Total	**121,397**	**93,505**	**214,902**	**56.5%**	**100%**	**100%**
Maintenance & Works	Apprentice	27	18	45	60%	0%	1%
	Assistant	775	43	818	95%	8%	18%
	Building Craftsperson	148	266	413	36%	4%	3%
	Building Officer	38	256	294	13%	3%	1%
	Carpenter	75	108	183	41%	2%	2%
	Chargehand	19	165	183	10%	2%	0%
	Clerical Worker	86	22	107	80%	1%	2%
	Cook	51	4	54	93%	1%	1%
	Driver	230	5	235	98%	2%	5%
	Electrician	143	469	612	23%	6%	3%
	Engineer	80	387	468	17%	5%	2%
	Fitter	32	153	185	17%	2%	1%
	Gardener/Groundsperson	342	42	384	89%	4%	8%
	Housekeeper	192	-	192	100%	2%	4%
	Labourer	69	8	77	90%	1%	2%
	Maintenance Craftsperson	841	1,709	2,550	33%	25%	19%
	Manager	1	129	130	1%	1%	0%
	Mechanic	74	301	375	20%	4%	2%
	Officer	30	111	140	21%	1%	1%
	Painter/Decorator	126	98	224	56%	2%	3%
	Plumber	29	91	120	24%	1%	1%
	Porter	227	2	229	99%	2%	5%
	Supervisor	76	492	568	13%	6%	2%
	Support Worker	435	78	513	85%	5%	10%
	Technician	117	638	755	15%	8%	3%
	Other	80	115	195	41%	2%	2%
	Maintenance & Works Total	**4,356**	**5,696**	**10,053**	**43.3%**	**100%**	**100%**
Ambulance	Ambulance Care Assistant/Patient Transport Service Driver	874	17	891	98%	4%	13%
	Emergency Care Assistant	674	3	677	100%	3%	10%
	Emergency Care Practitioner	-	341	341	0%	1%	0%
	Health Care Support Worker	821	4	824	100%	3%	12%
	Healthcare Assistant	3,386	104	3,490	97%	14%	51%
	Manager	-	321	321	0%	1%	0%
	Paramedic & Related Roles	15	12,350	12,366	0%	49%	0%
	Student Technician	108	562	670	16%	3%	2%
	Technician	570	3,810	4,379	13%	17%	9%
	Trainee Practitioner	77	608	685	11%	3%	1%
	Other	114	326	440	26%	2%	2%
	Ambulance Total	**6,637**	**18,447**	**25,083**	**26.5%**	**100%**	**100%**
Managers	Accountant	-	707	707	0%	2%	0%
	Adviser	11	322	334	3%	1%	9%
	Analyst	-	292	292	0%	1%	0%
	Board Level Director	-	1,118	1,118	0%	3%	0%
	Chief Executive	-	362	362	0%	1%	0%
	Clerical Worker	21	502	523	4%	1%	17%
	Finance Director	-	345	345	0%	1%	0%
	Manager	44	17,815	17,859	0%	45%	35%
	Nurse Manager	-	284	284	0%	1%	0%
	Officer	26	998	1,024	3%	3%	20%
	Other Executive Director	-	656	656	0%	2%	0%
	Senior Manager	-	15,497	15,497	0%	39%	0%
	Other	24	1,069	1,093	2%	3%	19%
	Managers Total	**131**	**39,963**	**40,094**	**0.3%**	**100%**	**100%**
Other	Analyst	-	3	3	0%	1%	0%
	Assistant/Associate Practitioner	2	1	3	73%	1%	5%
	Biomedical Scientist	-	2	2	0%	1%	0%
	Clerical Worker	19	4	22	83%	7%	36%
	Community Nurse	-	17	17	0%	6%	0%
	Health Care Support Worker	4	1	5	83%	2%	8%
	Healthcare Assistant	6	1	7	92%	2%	12%
	Healthcare Scientist	-	4	4	0%	1%	0%
	Helper/Assistant	2	2	3	52%	1%	3%
	Manager	-	26	26	0%	8%	0%
	Nurse Manager	-	5	5	0%	2%	0%
	Officer	11	41	53	22%	17%	22%
	Physiotherapist	-	3	3	0%	1%	0%
	Radiographer - Therapeutic	-	2	2	0%	1%	0%
	Researcher	1	2	3	28%	1%	2%
	Senior Manager	-	19	19	0%	6%	0%
	Sister/Charge Nurse	-	23	23	0%	7%	0%
	Specialist Nurse Practitioner	-	54	54	0%	18%	0%
	Staff Nurse	-	29	29	0%	10%	0%
	Technician	2	3	5	34%	2%	3%
	Other	5	15	19	25%	6%	10%
	Others Total	**52**	**255**	**307**	**16.8%**	**100%**	**100%**
	AfC HCHS Total	**356,426**	**623,961**	**980,387**	**36.4%**	**100%**	**100%**

Notes:

1. There are over 200 job roles in ESR. The consolidated selection of job roles aims to aid interpretation by producing a manageable list of job roles.
2. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre Workforce Census data.
3. Data cleaning processes are applied to the ESR extracts before use.
4. The data cleaning processes applied have been developed since the production of last year's evidence, which may slightly affect comparisons with previous data.
5. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records however a different treatment is employed for managers to incorporate Very Senior Managers who are not on the AfC pay framework. This may lead to some Agenda for Change managers without a recorded Band being included, although the data cleaning processes employed were designed to minimise this as much as possible.

Table 2: Number and proportion of staff by headcount earning under £21k per FTE by pay metric group and consolidated selected job roles (Sept 2010)

		Estimated Headcount					
Paybill Group	Consolidated Job Role	Under £21k	Over £21k	Total	% Under £21k	% of Paybill Group in Job Role	% of Paybill Group Under £21k in Job Role
Qualified Nursing		**-**	**389,290**	**389,290**	**0%**	**-**	**-**
Unqualified Nursing, HCA and Support	Assistant/Associate Practitioner	12,894	120	13,014	99%	5%	5%
	Clerical Worker	4,953	89	5,042	98%	2%	2%
	Community Nurse	689	337	1,026	67%	0%	0%
	Cook	2,250	100	2,349	96%	1%	1%
	Driver	2,647	9	2,657	100%	1%	1%
	Health Care Support Worker	47,595	1,130	48,725	98%	19%	19%
	Healthcare Assistant	101,375	1,216	102,591	99%	40%	41%
	Helper/Assistant	4,521	98	4,619	98%	2%	2%
	Housekeeper	14,339	19	14,358	100%	6%	6%
	Nursery Nurse	3,766	2,212	5,977	63%	2%	2%
	Officer	586	161	747	78%	0%	0%
	Porter	8,955	40	8,996	100%	4%	4%
	Receptionist	1,192	7	1,199	99%	0%	0%
	Social Care Support Worker	2,187	213	2,400	91%	1%	1%
	Staff Nurse	324	404	728	44%	0%	0%
	Student Nurses	1,045	670	1,715	61%	1%	0%
	Supervisor	1,798	161	1,959	92%	1%	1%
	Support Worker	30,538	83	30,621	100%	12%	12%
	Support, Time, Recovery Worker	840	89	929	90%	0%	0%
	Technician	862	52	914	94%	0%	0%
	Telephonist	1,041	15	1,057	99%	0%	0%
	Other	2,332	1,248	3,579	65%	1%	1%
	Unqualified Nursing, HCA & Support Total	**246,723**	**8,480**	**255,203**	**96.7%**	**100%**	**100%**
ST&Ts	Assistant/Associate Practitioner	822	651	1,473	56%	1%	2%
	Assistant Psychologist	239	848	1,086	22%	1%	1%
	Biomedical Scientist	67	14,232	14,299	0%	7%	0%
	Chiropodist/Podiatrist & Related Roles	29	4,112	4,141	1%	2%	0%
	Clinical Psychologist	32	8,407	8,439	0%	4%	0%
	Counsellor	12	1,319	1,332	1%	1%	0%
	Dental Surgery Assistant	861	1,826	2,686	32%	1%	2%
	Dietitian & Related Roles	44	4,228	4,272	1%	2%	0%
	Health Care Support Worker	1,353	232	1,585	85%	1%	3%
	Healthcare Assistant	900	144	1,043	86%	1%	2%
	Healthcare Scientist	90	5,256	5,345	2%	3%	0%
	Helper/Assistant	13,789	956	14,745	94%	7%	34%
	Medical Laboratory Assistant	7,860	246	8,107	97%	4%	19%
	Occupational Therapist & Related Roles	213	15,705	15,918	1%	8%	1%
	Orthoptist & Related Roles	8	1,012	1,020	1%	1%	0%
	Pharmacist	140	8,640	8,781	2%	4%	0%
	Phlebotomist	2,416	55	2,471	98%	1%	6%
	Physiotherapist & Related Roles	257	21,808	22,065	1%	11%	1%
	Practitioner	207	4,277	4,483	5%	2%	1%
	Psychotherapist	18	2,113	2,131	1%	1%	0%
	Diagnostic Radiographer & Related Roles	75	14,840	14,915	1%	8%	0%
	Therapeutic Radiographer & Related Roles	14	2,461	2,475	1%	1%	0%
	Social Care Support Worker	683	305	988	69%	0%	2%
	Social Worker	29	1,051	1,080	3%	1%	0%
	Specialist Practitioner	31	1,142	1,172	3%	1%	0%
	Speech and Language Therapist & Related Roles	84	7,857	7,941	1%	4%	0%
	Students	407	523	929	44%	0%	1%
	Technical Instructor	1,326	1,337	2,663	50%	1%	3%
	Technician	6,640	22,587	29,227	23%	15%	16%
	Trainee Practitioner	341	1,253	1,595	21%	1%	1%
	Trainee Scientist	45	771	817	6%	0%	0%
	Other	1,597	7,624	9,220	17%	5%	4%
	ST&Ts Total	**40,632**	**157,811**	**198,443**	**20.5%**	**100%**	**100%**
Admin & Clerical	Accountant	271	2,248	2,520	11%	1%	0%
	Adviser	1,016	3,951	4,966	20%	2%	1%
	Analyst	611	4,097	4,708	13%	2%	0%
	Call Operator	949	264	1,213	78%	0%	1%
	Clerical Worker	85,565	16,527	102,092	84%	40%	56%
	Control Assistant	1,188	310	1,498	79%	1%	1%
	Manager	384	16,465	16,849	2%	7%	0%
	Medical Secretary	9,347	11,558	20,906	45%	8%	6%
	Officer	27,646	32,786	60,433	46%	24%	18%
	Personal Assistant	2,100	4,006	6,106	34%	2%	1%
	Receptionist	9,383	100	9,483	99%	4%	6%
	Secretary	9,624	2,431	12,055	80%	5%	6%
	Senior Manager	18	2,304	2,323	1%	1%	0%
	Technician	632	2,238	2,869	22%	1%	0%
	Other	2,788	2,433	5,221	53%	2%	2%
	Admin & Clerical Total	**151,468**	**101,771**	**253,239**	**59.8%**	**100%**	**100%**
Maintenance & Works	Apprentice	29	18	47	61%	0%	1%
	Assistant	888	44	931	95%	9%	19%
	Building Craftsperson	149	268	417	36%	4%	3%
	Building Officer	39	260	299	13%	3%	1%
	Carpenter	77	113	189	40%	2%	2%
	Chargehand	19	167	186	10%	2%	0%
	Clerical Worker	95	22	117	81%	1%	2%
	Cook	62	4	66	94%	1%	1%
	Driver	255	6	262	98%	2%	5%
	Electrician	145	484	629	23%	6%	3%
	Engineer	81	392	473	17%	4%	2%
	Fitter	32	156	188	17%	2%	1%
	Gardener/Groundsperson	355	44	399	89%	4%	7%
	Housekeeper	329	-	329	100%	3%	7%
	Labourer	71	9	80	89%	1%	1%
	Maintenance Craftsperson	864	1,735	2,599	33%	25%	18%
	Manager	1	133	134	1%	1%	0%
	Mechanic	75	303	378	20%	4%	2%
	Officer	33	118	151	22%	1%	1%
	Painter/Decorator	128	101	229	56%	2%	3%
	Plumber	29	94	122	23%	1%	1%
	Porter	246	2	248	99%	2%	5%
	Supervisor	84	501	585	14%	6%	2%
	Support Worker	489	79	567	86%	5%	10%
	Technician	120	649	770	16%	7%	3%
	Other	92	119	211	43%	2%	2%
	Maintenance & Works Total	**4,797**	**5,810**	**10,607**	**45.2%**	**100%**	**100%**
Ambulance	Ambulance Care Assistant/Patient Transport Service Driver	1,002	17	1,019	98%	4%	14%
	Emergency Care Assistant	692	4	696	99%	3%	10%
	Emergency Care Practitioner	-	352	352	0%	1%	0%
	Health Care Support Worker	873	4	876	100%	3%	12%
	Healthcare Assistant	3,724	110	3,833	97%	15%	52%
	Manager	-	330	330	0%	1%	0%
	Paramedic & Related Roles	20	12,808	12,827	0%	49%	0%
	Student Technician	108	567	675	16%	3%	2%
	Technician	583	4,021	4,604	13%	17%	8%
	Trainee Practitioner	77	613	690	11%	3%	1%
	Other	128	344	472	27%	2%	2%
	Ambulance Total	**7,205**	**19,170**	**26,375**	**27.3%**	**100%**	**100%**
Managers	Accountant	-	738	738	0%	2%	0%
	Adviser	13	360	373	3%	1%	9%
	Analyst	-	303	303	0%	1%	0%
	Board Level Director	-	1,138	1,138	0%	3%	0%
	Chief Executive	-	365	365	0%	1%	0%
	Clerical Worker	24	526	550	4%	1%	16%
	Finance Director	-	349	349	0%	1%	0%
	Manager	53	18,715	18,768	0%	45%	37%
	Nurse Manager	-	297	297	0%	1%	0%
	Officer	27	1,064	1,092	2%	3%	19%
	Other Executive Director	-	684	684	0%	2%	0%
	Senior Manager	-	16,131	16,131	0%	38%	0%
	Other	28	1,145	1,173	2%	3%	19%
	Managers Total	**150**	**41,812**	**41,962**	**0.4%**	**100%**	**100%**
Other	Analyst	-	3	3	0%	1%	0%
	Assistant/Associate Practitioner	2	1	4	64%	1%	4%
	Biomedical Scientist	-	3	3	0%	1%	0%
	Clerical Worker	30	5	35	85%	10%	43%
	Community Nurse	-	19	19	0%	5%	0%
	Health Care Support Worker	5	1	6	82%	2%	7%
	Healthcare Assistant	9	1	9	94%	3%	13%
	Healthcare Scientist	-	4	4	0%	1%	0%
	Helper/Assistant	2	2	4	50%	1%	3%
	Manager	-	26	26	0%	7%	0%
	Nurse Manager	-	7	7	0%	2%	0%
	Officer	12	44	56	22%	16%	18%
	Physiotherapist	-	5	5	0%	1%	0%
	Radiographer - Therapeutic	-	2	2	0%	0%	0%
	Researcher	1	2	3	27%	1%	1%
	Senior Manager	-	19	19	0%	5%	0%
	Sister/Charge Nurse	-	25	25	0%	7%	0%
	Specialist Nurse Practitioner	-	63	63	0%	18%	0%
	Staff Nurse	-	33	33	0%	9%	0%
	Technician	2	4	6	33%	2%	3%
	Other	6	19	25	24%	7%	9%
	Others Total	**68**	**288**	**356**	**19.2%**	**100%**	**100%**
	AfC HCHS Total	**451,044**	**724,431**	**1,175,475**	**38.4%**	**100%**	**100%**

Notes:

1. There are over 200 job roles in ESR. The consolidated selection of job roles aims to aid interpretation by producing a manageable list of job roles.
2. Estimates derived by applying staff distributions across pay points, from the Electronic Staff Record (ESR), to Information Centre Workforce Census data.
3. Data cleaning processes are applied to the ESR extracts before use.
4. The data cleaning processes applied have been developed since the production of last year's evidence, which may slightly affect comparisons with previous data.
5. Some ESR records do not have an Agenda for Change band recorded. For most staff groups, the estimates ignore these records however a different treatment is employed for managers to incorporate Very Senior Managers who are not on the AfC pay framework. This may lead to some Agenda for Change managers without a recorded Band being included, although the data cleaning processes employed were designed to minimise this as much as possible.
6. The staff group totals for staff earning less than 21K may not match the total of the constituent job roles given that there will be duplication of headcount, for example where an individual is recorded against more than one job role.

PART 2:

DEVOLVED ADMINISTRATIONS

CHAPTER 6: EVIDENCE FROM THE WELSH ASSEMBLY GOVERNMENT

6.1 This represents the contribution from the Department for Health, Social Services and Children (DHSSC) (NHS Wales) and complements the Chapters from the other Health Departments.

NHS Reform

6.2 The NHS Reforms were the start of a journey towards service transformation. The first stage of this work has been completed with the removal of the internal market, the development of integrated Local Health Boards and placing public health centre stage. This has led not only to a reduction in bureaucracy, streamlining the NHS from 32 to 10 organisations and reducing unnecessary and expensive transaction costs, but has heralded a new set of behaviours where competition is being replaced by collaboration, joint working, whole systems thinking and greater emphasis on quality and patient outcomes.

The 5 year vision

6.3 The overarching vision for the Welsh Government is to 'enhance the economic social and environmental wellbeing of people and communities in Wales, achieving a better quality of life for our own and future generations'.

6.4 NHS Wales has an important role to play in delivering this vision by achieving a first class public health and health and social care service which delivers the following outcomes:

- An improvement in the quality and length of life of the population which reduces health inequalities
- A significant and measurable improvement in the creation of joint working/ integrated care systems between primary, community and social care services to deliver community – based services that are reliable, accessible and support even the most vulnerable to live independent lives
- Provide modern, safe, sustainable and evidenced based health and social services which improve clinical outcomes and patient experience.
- Reduce harm, waste and variation across all services and areas in Wales

Total Staffing

6.5 As at 30 September 2010 compared to the previous year

- Qualified nursing, midwifery and health visiting staff increased by 33 (0.2 per cent) to 21,823.
- Unqualified nursing, midwifery and health visiting staff decreased by 64 (1.0 per cent) to 6,345.
- Scientific, therapeutic & technical staff increased by 281 (2.5 per cent) to 11,483.
- Administration & estates staff decreased by 649 (4.0 per cent) to 15,502, of which managers decreased by 420 (15.2 per cent) to 2,343.
- Other staff (including healthcare assistants, support staff and ambulance staff) increased by 14 (0.1 per cent) to 11,636

Reduction in Vacancies

6.6 The latest information on vacant NHS posts as at 30 September 2010 shows that

- 101 NHS posts had been vacant for three months or more. This represents a 58 per cent decrease on the 243 vacancies reported six months earlier.
- These vacancies account for 0.2 per cent of all NHS posts, lower than 0.4 per cent six months earlier and 0.3 per cent a year ago.

NHS Trust staff vacancies

	20 Sept 2010		30 Sep 2009		30 Sept 2008	
	Per cent	Number	Per cent	Number	Per cent	Number
All qualified nurses, midwives and HVs	0.1	11.2	0.2	36.2	0.2	35.3
Unqualified Nurses, Midwives and Health Visitors	0.6	3.8	0.0	0.0	0.0	1.3
All qualified Allied Health Professionals	0.1	3.7	0.4	17.1	0.4	17.2
All qualified Scientific and Technical staff (a)	0.0	0.0	0.3	6.3	0.5	12.3
All qualified Healthcare Scientists	0.1	2.0	0.2	5.0	0.7	15.2
All unqualified Scientific and Technical staff	0.0	0.0	0.2	2.0		
All other staff (excluding medical and dental	0.2	48.8	0.1	29.5	0.3	81.8

Looking in more detail at Allied Health Professionals Group, the figures are as follows:

	30 Sept 2010		30 Sep 2009		30 Sept 2008	
	Per cent	Number	Per cent	Number	Per cent	Number
Qualified Allied Health Professionals:						
Chiropodists	0.0	0.0	0.4	1.0	0.4	1.0
Diagnostic Radiographers	0.1	0.8	0.4	4.0	0.1	0.7
Therapeutic Radiographers	2.0	2.9	3.3	4.5	0.6	0.7
Dietetics	0.0	0.0	0.2	0.6	0.4	1.0
Occupational Therapists	0.0	0.0	0.4	5.1	0.6	6.5
Orthoptists/Optics	0.0	0.0	0.0	0.0	0.0	0.0
Physiotherapists	0.0	0.0	0.1	1.0	0.2	3.0
Speech and language therapists	0.0	0.0	0.2	1.0	1.1	4.4

Staff Earning Under £21,000

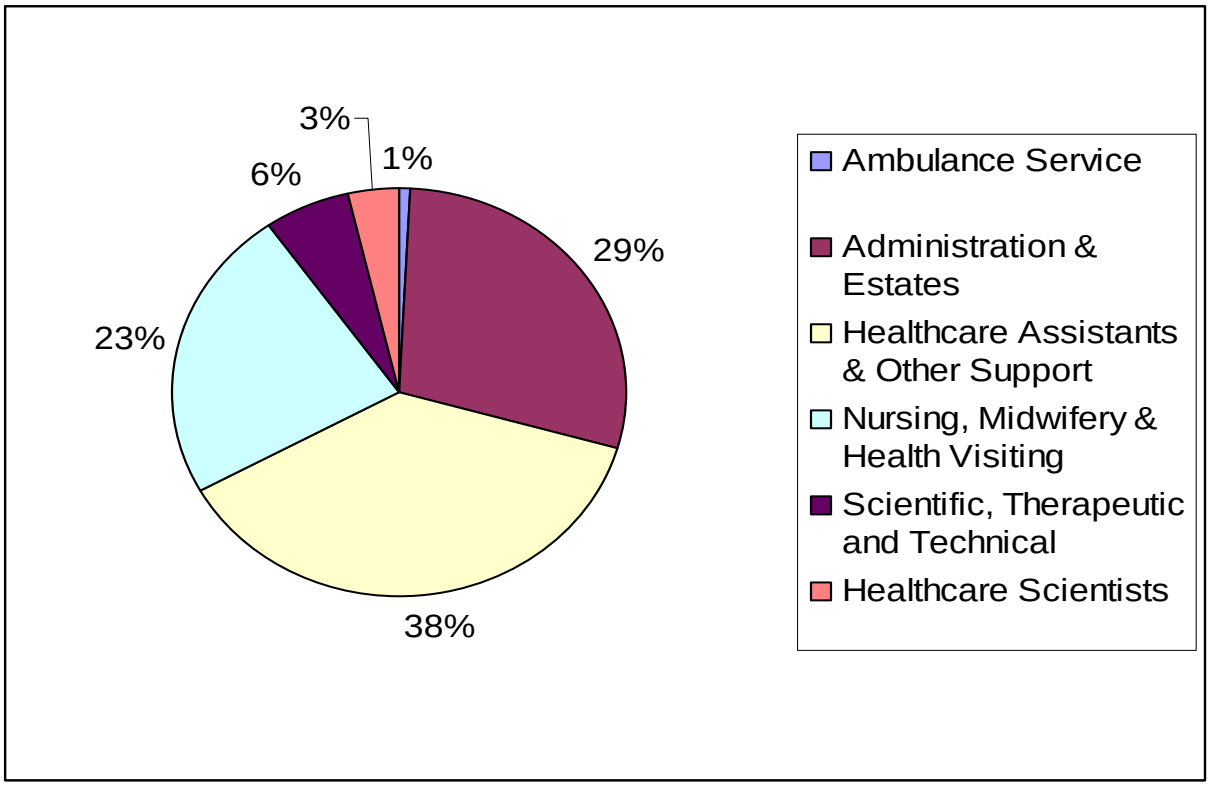
6.7 The following table shows the number of staff as at April 2011 by band and spine point who earn less than £21,000.

Agenda for Change Staff in Post Earning Less than £21,000

NHS HR Dashboard - Staff in Post by AfC Band & Spine Point 24-JUN-11 : As at : '2011-APR'

AfC Band	AfC Spinal Point	Basic Salary Apr 2011	FTE (Contracted)	People Headcount
Band 1	**1**	**£ 13,903**	155.93	236
Band 1	**2**	**£ 14,258**	106.54	168
Band 1	**3**	**£ 14,614**	1531.73	2214
Band 2	**1**	**£ 13,903**	695.85	895
Band 2	**2**	**£ 14,258**	843.83	1054
Band 2	**3**	**£ 14,614**	1029.32	1303
Band 2	**4**	**£ 15,029**	951.62	1234
Band 2	**5**	**£ 15,444**	777.71	974
Band 2	**6**	**£ 15,860**	2380.18	2980
Band 2	**7**	**£ 16,395**	1481.48	1878
Band 2	**8**	**£ 17,003**	4789.63	6087
Band 2	**No Spine Point**		2.19	4
Band 3	**10**	**£ 15,860**	866.40	1020
Band 3	**11**	**£ 16,395**	978.14	1177
Band 3	**12**	**£ 17,003**	3594.38	4237
Band 3	**6**	**£ 17,368**	462.08	543
Band 3	**7**	**£ 17,854**	527.06	624
Band 3	**8**	**£ 18,402**	719.29	837
Band 3	**9**	**£ 18,827**	1430.04	1654
Band 3	**No Spine Point**		2.44	3
Band 4	**11**	**£ 18,402**	304.75	336
Band 4	**12**	**£ 18,827**	326.98	361
Band 4	**13**	**£ 19,500**	461.93	511
Band 4	**14**	**£ 20,183**	936.72	1079
Band 4	**15**	**£ 20,804**	690.83	788

Composition of FTE staff paid at or below AFC spine point 15



Workforce Strategy

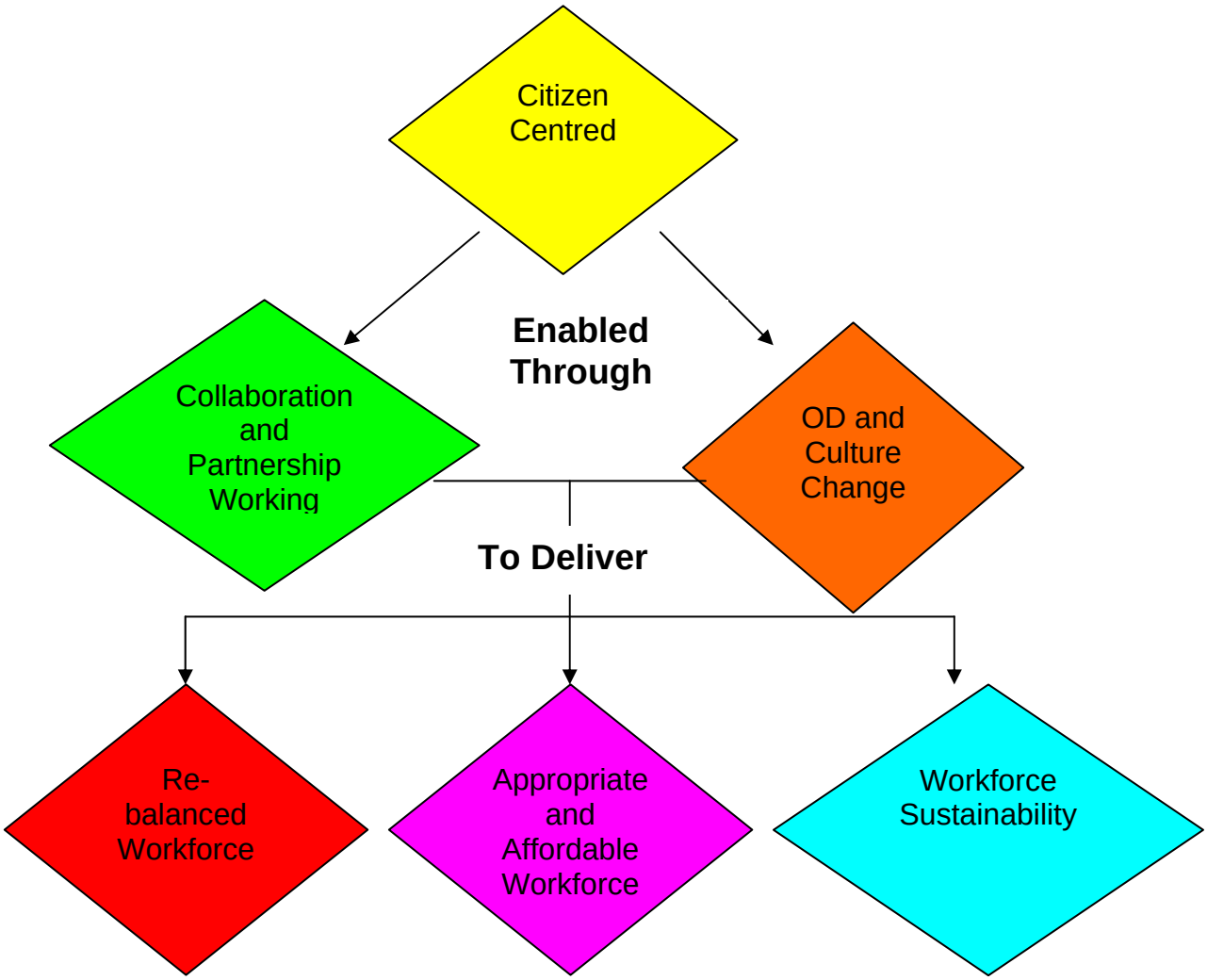
6.8 The workforce transformation agenda recognises the importance of 'empowering the front line' to lead change and deliver high quality care. Any change however will be underpinned by the NHS Shared Values that have been agreed by the Welsh Government, the service and staff organisations.

The values require:

- Putting quality and safety above all else: providing high value evidence based care for our patients at all times
- Integrating improvement into everyday working and eliminating harm, variation and waste
- Focusing on prevention, health improvement and inequality as key to sustainable development, wellness and wellbeing for future generations of the people of Wales
- Working in true partnerships with partner organisations and with our staff
- Investing in our staff through training and development enabling them to influence decisions and providing them with the tools, systems and environment to work safely and effectively

Strategic Direction and Intent – Key Workforce Priorities

6.9 The diagram below sets out the strategic workforce priorities for NHS Wales in support of the delivery of the 5 Year Vision.



The three key priorities – *a Re-balanced Workforce*, an *Appropriate and Affordable Workforce* and securing *Workforce Sustainability* - will only be achieved through strong local management and partnership working, supported and underpinned by cultural change and visionary leadership which fully empowers and engages all NHS staff.

Rebalancing the workforce between hospital and community care settings

6.10 Staff will require a range of competencies to enable them to provide effective care both in and out of hospital settings. To enable the transfer of patients needing extra support normally provided in secondary care will necessitate the extension of roles of community staff to cope with move complex needs as well as an extension of competencies of hospital based staff to work in the home.

Education and Training Commissioning

6.11 The process to inform commissioning numbers has been improving annually from the perspective of all stakeholders. Attempts are made to ensure that we do not over commission so that graduates cannot be employed or alternatively under commission so that shortages exist in the service.

6.12 The Welsh Government non medical education training budget only funds pre-registration programmes. NHS Wales funds post registration and continuing education. Delivery on specific additional education and training needs is not within our control. A Strategic Education and Development Group (SEDG) has been established to promote working together to deliver on priorities.

6.13 The number of training places for the academic year commencing September are based on what the NHS have determined will be their requirements for 2014 and beyond. The new places, in conjunction with students already undertaking training courses, bring the number of students in training to 6462 compared with last year's figure of 6419.

6.14 This number takes into account a number of factors including the age profile of staff, turnover, the number of people currently working and in training and the course attrition rate which has reduced significantly in recent years. Attrition rates are now 11.4% for pre-registration nursing and less than 6% across allied health professional groups.

Agenda for Change

6.15 As part of the workforce strategy arising from the 5 year vision, it is anticipated there will be a change in the overall staff profile across Agenda for Change bands as multi-professional team working increases. Currently, there are too many staff in band 2, 5 and 6 (staff in band 5 and above are primarily degree registered professionals) and too few in bands 3 and 4 (the assistant practitioners). Where clinically safe, every opportunity should be taken to use band 3/4 staff across all services and professions. To secure the benefits from A4C, attitudes must change so that:

- Specialist staff only work in roles which require their level of skill, knowledge and expertise

- Support staff should develop appropriate skills to take over from professional and specialist staff in areas of work that do not require their level of skill, knowledge and expertise, as part of team working..

There is also an increasing acknowledgement of the need for an appropriate balance between generalist and specialist roles. Full utilisation of staff at assistant practitioner band level 4 such as rehabilitation and radiographer assistants or audiology assistant technical officers would allow care programmes to continue over the 7 day period.

6.16 The Welsh Partnership Forum has established a small Task Group to review and refine use of the revised KSF to help support the staff performance and development review process which underpins A4C and to drive implementation across NHS Wales.

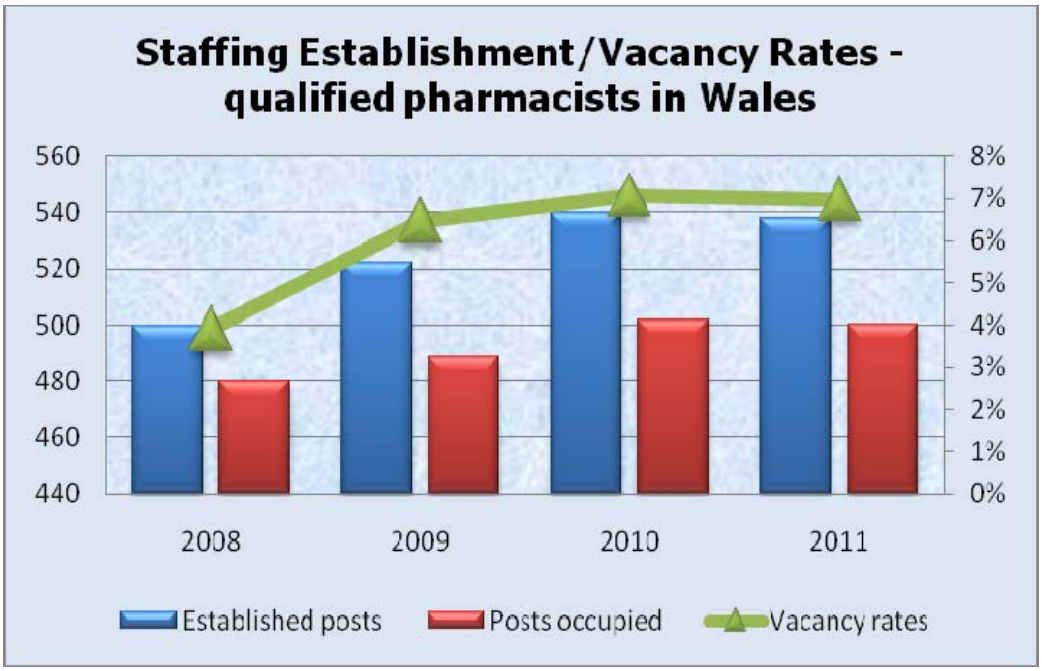
Pharmacy Vacancies Managed Service

6.17 Overall pharmacist vacancy rates remain at 7 % in Wales for a second year. Pharmacy in the managed service continues to have difficulties in recruitment due to competition from the community sector for pharmacists. The current financial climate has also resulted in some cuts to training posts.

Overall vacancy rates for pharmacists in England and Wales from 2008-2011:

Overall the managed sector pharmacist vacancy rate in Wales remains lower than England.

Pharmacists	**England**			**Wales**		
Year	No. FTE established posts	No. filled	Vac rate	No. FTE established posts	No. filled	Vac rate
2008	6612.66	5693.98	13.9%	499.43	479.93	3.9%
2009	7064.53	6035.17	14.6%	522.38	488.60	6.5%
2010	7329.18	6459.12	11.9%	539.88	501.74	7.1%
2011	**7340.41**	**6755.59**	**8%**	**537.93**	**500.47**	**7%**

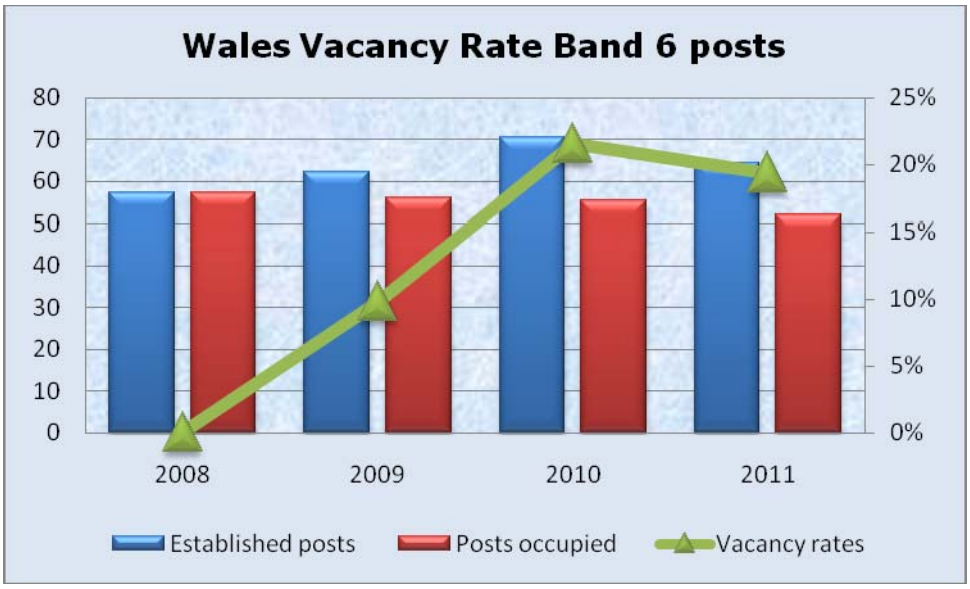


Band 6 pharmacists

- Wales's vacancy rate for Band 6 pharmacist in 2011 is **19.39%** as shown in the table below.

Band 6	**England**			**Wales**		
Year	No. FTE established posts	No. filled	Vac rate	No. FTE established posts	No. filled	Vac rate
2008	1275.64	977.01	23.4	57.4	57.4	0
2009	1241.95	938.87	24.4%	62.30	56.20	9.8%
2010	1218.09	1027.29	15.7%	70.50	55.31	21.5%
2011	**1242.7**	**1100.84**	**11.4%**	**64.48**	**51.98**	**19.39%**

Recruitment trend:



6.18 Although this is very similar to last year it should be noted that the number of FTE has actually decreased by 6 posts (8.5%). Problems with recruitment remain however as even with the decrease in FTE, the number of posts filled in 2011 has fallen below that in 2010 by 3.3 FTE (6%). The picture for 2012 is slightly better as we already have 43 pre-regs who will be ready to recruit to band 6 jobs in 2012.

6.19 Band 6 pharmacists are the initial qualified posts that underpin the pharmacist workforce in the managed sector.

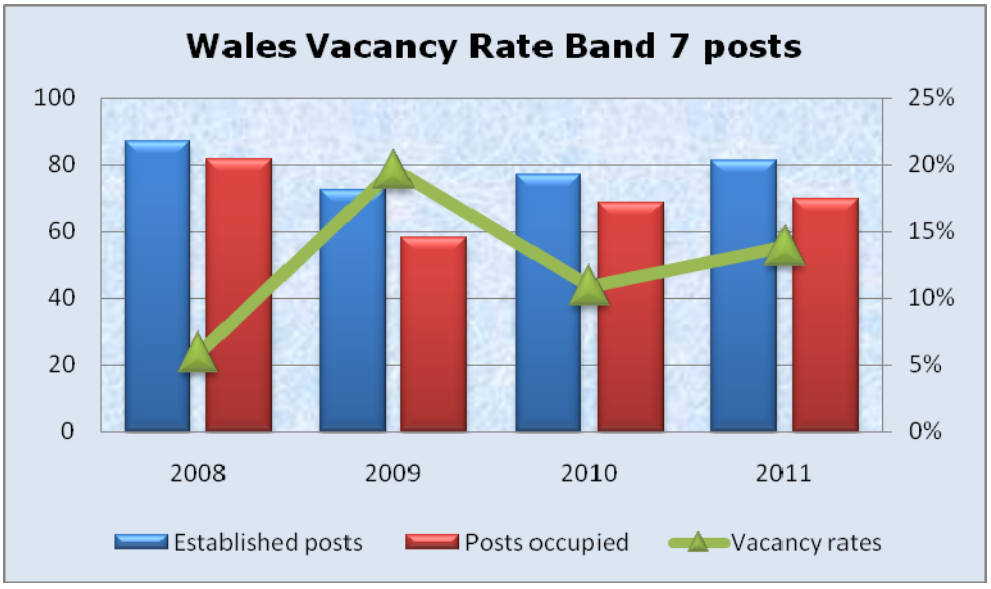
- Most Band 6 pharmacist posts in Wales are training posts and carry a requirement to study for the Diploma in Clinical Pharmacy. They are 2 year posts fixed term.

- These posts are partly funded by the National Leadership and Innovations Agency for Healthcare (NLIAH). This principle of funded band 6 posts attached to a Diploma in Clinical Pharmacy course of study has served Wales well and has attracted many recruits.
- Workforce returns resulted in an increase in the number of commissioned band 6 posts in the 2009 intake however the pre-reg pharmacist commissioned posts number, our main recruitment pool to band 6 pharmacist, did not increase until the following year due to the recruitment time lines. As the band 6 posts are 2 year posts the vacancy rate still reflects this time lag although the pre-reg numbers did increase for 2010 recruitment to band 6 posts.
- Again this year there was a delay in the allocation from NLIAH which combined with increasingly complicated recruitment procedures and vacancy controls at Health Board level, resulted in delayed advertisement of posts compared to those in England or those in community pharmacy.
- Ratio of band 6 posts to rest of the managed pharmacist workforce in England for 2011 is **1** band 6 for every **5** FTE pharmacist posts.
  Ratio in Wales is: **1** band 6 post for every **7** FTE pharmacist posts

Band 7 Pharmacists

- The rate of vacancies at band 7 in 2011 is 13.9%.
- The number of band 7 posts although showing consistent growth from 2009 to 2011 is still not quite as high as in 2008.

Band 7	**England**			**Wales**		
	No. FTE established posts	No. filled	Vac rate	No. FTE established posts	No filled	Vac rate
2008				86.86	81.72	5.9%
2009				72.4	58.2	19.6%
2010	1577	1283.68	18.63%	77	68.6	10.9%
2011	**1799.14**	**1577.16**	**12.3%**	**81.14**	**69.86**	**13.9%**



Recruitment and Workforce planning

6.20 The divergence in potential earnings highlighted last year remains a cause for concern as pre-registration pharmacists (pre-regs) – our main recruitment pool into band 6 posts, continue to state increasing student debt and the need to earn more money as reasons for leaving the NHS and moving to community.

6.21 There is also an increasing lack of confidence in the availability and sustainability of jobs in the NHS and this is impacting negatively on recruitment.

Action to be taken by Health Boards

6.22 Health Boards recognise that as a result of the recent restructuring their focus has not been on band 6/7 jobs as it has taken a couple of years to get the senior chief pharmacists in place. Now that they are all in place the All Wales Chief Pharmacists Committee has amongst its subgroups a Service and Workforce redesign group that will review the workforce. Also the proposals in the Modernising Pharmacy Careers programme for an integrated undergraduate and pre-registration training will require a joined up workforce plan including numbers of undergraduate pharmacy places.

6.23 Pharmacy in Wales continues to be active in reviewing skill mix and constantly reassesses which service delivery roles can be undertaken by different members of staff in the pharmacy team.

Midwives

6.24 The number of midwifery training places has remained steady in each of the last three years, with a small decrease from 102 in 2010 compared to 110 in 2009 indicating continued demand for midwives based upon anticipated retirement patterns of current staff and on predicted increase in the birth rate. In terms of numbers employed there were 1196 wte in 2010 compared with 1227 wte in 2009 – the re-configuration of services means that some management posts have been merged. There were no vacancies at 30/09/2010.

6.25 There will need to be extensive investment in public health/education training for midwives and a need to look at how maternity services in the community could better work with and utilise the skills across midwifery, health visiting, school nursing , working together rather than in silos.

Finance

6.26 The Welsh Government Health and Social Services Budget has been protected **in cash terms** for the period 2011-12 to 2013-14. The challenging settlement for Wales following the October 2010 CSR meant that protecting the Health budget in real terms would have resulted in significant cuts to the funding for other portfolios.

6.27 The Health budget for 2011-12 onwards does not include £110 million funding that was allocated non-recurrently to the NHS Wales from central Welsh Government reserves in December 2010 to assist with NHS winter pressures.

6.28 Unavoidable NHS cost pressures are estimated at between 4-5% per annum for 2011-12 and 2012-13. This includes pay costs associated with incremental drift, National Insurance changes and the costs of the pay award for lower paid staff. It also includes inflationary pressures on non-pay expenditure, plus an estimate of the increased costs of new drugs approved by AWMSG and NICE, and the increased demand of Continuing Healthcare.

6.29 To remain in financial balance NHS organisations will need to deliver cash-releasing efficiency savings of at least 5% per annum to fund these increases in unavoidable costs, as well as any other national or local service pressures. In addition, most NHS organisations are carrying forward an underlying deficit from 2010-11. This relates to savings that were achieved non-recurrently in 2010-11, plus the additional £110 million funding provided non-recurrently from central WG reserves. The total estimated savings requirement in 2011-12 is over £400 million.

6.30 In 2010-11, NHS organisations delivered savings of approximately £315 million, which equated to just over 5% of their allocation. The continuation of savings at this level over the next three years will be difficult to achieve from just house-keeping efficiencies alone. Service transformation will be necessary to keep expenditure within budgets.

6.31 The NHS and Welsh Government's response to the efficiency and transformation requirement is the Five Year Service, Workforce and Financial Framework. Each NHS organisation has developed and is refining and planning to deliver a Five Year Plan, and these are underpinned by 12 National Programmes.

6.32 The initial Five Year analysis that was published before the Autumn 2010 CSR and WG budget announcements modelled a potential financial gap to be bridged of up to £1.9 billion by 2014-15. This analysis assumed a worst case settlement forecast of a 3% cash reduction per annum. Under the "flat cash" settlement that has been received, the scale of the challenge is reduced, but is still approximately £1 billion over the next four years.

Recommendation

6.33 **On the key issue which the NHSPRB is asked to consider this year, the Assembly Government agrees with the arguments set out in chapter 2 of the Evidence and consequently believes it would be appropriate for a flat rate increase of £250 to be awarded to NHS staff in Wales earning less than £21,000 for 2012/13. On the basis of the figures in paragraph 7 this would cost about £9.0m.**