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Dear Jerry,

NHSPRB Remit 2013/14

I am writing as a follow up to the letter you received from the Chief Secretary to the Treasury, Danny Alexander, on 24 September confirming the Government's approach to the 2013/14 pay round.

I should like to emphasise the importance I and my ministerial colleagues place on the vital and expert work that you and your PRB colleagues do in considering pay for NHS non medical staff and thank you for your ongoing commitment to the process.

This is the first year for new arrangements in submitting evidence to you reflecting the changing role of the Department of Health (DH) which will no longer be responsible for day to day management of the NHS. The former Secretary of State, therefore, wrote to you on 3 July confirming that:

- the DH will provide high level evidence focussing on the economic and financial (NHS funding) context and strategic policy;
- NHS Employers (NHSE) will provide separate detailed evidence about the recruitment, retention, motivation and morale of staff within the Agenda for Change (AfC) pay system;
- the DH will, however, retain overall accountability for the evidence provided by NHSE and will ensure that it meets the quality expectations of the PRBs.

I confirm that this remains our intention. In addition, for 2013/14, I should be grateful if you would make recommendations of up to an average 1% for the basic pay of NHS staff falling within your remit. In doing so, you should consider the evidence you receive in respect of:

- the need to recruit, retain and motivate suitably able and qualified staff;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the funds available to the DH, as set out in the Government's Departmental Expenditure Limits;

- the Government's inflation target;
- the principle of equal pay for work of equal value in the NHS;
- the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.

In making your recommendations, you should also consider:

- whether some staff groups warrant pay increases of more or less than 1% as long as, overall, the increase does not exceed an average of up to 1%;
- that 60% of your remit group receive incremental progression of, on average, about 3.5%;
- the impact on AfC pay differentials as a result of the £250 increase for staff earning less than £21,000 during the pay freeze period;
- whether Higher Cost Area Supplements or any other allowances within your remit should be changed, noting that any changes would have to be funded within the 1% cap;
- whether any further work is required on any issues to help your consideration of evidence in the future.

Finally, I was very grateful for the timely submission of your report "*How Agenda for Change pay can be made more appropriate to local labour markets*" and the extensive work you put in to producing this. As you know, the Chancellor wrote to a number of PRBs for evidence on market facing (local) pay (MFP) and the Government will respond once it has received and considered them all. Therefore, this remit does not include any further work on MFP at this time. We will contact you again about this once the Government has responded.

I look forward to receiving your report on 2013/14 pay for your remit group in due course.

Best wishes



DR DAN POULTER

Parliamentary Under Secretary of State for Health