



Department  
of Health

Richmond House  
79 Whitehall  
London  
SW1A 2NS  
Tel: 020 7210 4850

Jerry Cope  
Chair  
Pay Review Body - NHS  
6<sup>th</sup> Floor, Victoria House  
Southampton Row  
London  
WC1B 4AD

6 August 2013

Dear Jerry

### **NHS Pay Review Body Remit 2014/15**

I am writing as a follow up to the letter you received from the Chief Secretary to the Treasury, Danny Alexander, in July confirming the Governments' approach to the 2014/15 pay round.

Once again, I would like to thank you and your colleagues for the vital and independent expert work undertaken by the NHS Pay Review Body (NHSPRB) in considering remuneration for employed NHS staff subject to the Agenda for Change pay system.

As always, while NHSPRB's remit covers the whole of the United Kingdom, it is for each of the UK administrations to make its own decisions on its approach to this years' pay review round and to communicate this to you directly.

We continue to keep in close touch with our counterparts in the other countries and my officials will do all they can to support you in handling any consequences that may arise as a result of different approaches taken by each country.

Following on from last year's arrangements, the Department will again provide high level evidence focussing on the economic and financial (NHS funding) context and strategic policy. Evidence will be provided separately by:

- NHS Employers – detailed evidence on the recruitment, retention, motivation and morale for Agenda for Change staff;
- Health Education England – detailed evidence on education, training and workforce capacity;
- NHS England is considering the level of input in relation to Agenda for Change staff.

The Department will work closely with all these organisations and the NHS PRB secretariat to ensure that, overall, the evidence meets the needs of the NHS PRB.

You will be aware that in the 2013 Spending Round, the Government announced that substantial reforms to progression pay will be taken forward or are already underway across the public sector.

The Government is clear that time served is no longer an appropriate rationale for pay progression for staff in the public sector. In his remit letter the CST observes that:

*“.....in the 2013 Spending Review, the Government announced that substantial reforms to progression pay will be taken forward or are already underway across the public sector. The Review Body is therefore invited to consider the impact of their remit group’s progression structure and its distribution among staff in recommending annual pay awards”.*

You will be aware that the NHS Staff Council, a partnership of NHS trade unions and NHS Employers, reached agreement in March this year on linking incremental pay more closely to performance for Agenda for Change staff. NHS employers have the freedom to develop their own local performance standards. The agreement means that employers should look to develop new or amended local performance standards for the 2014 performance round.

However, implementation across the service in England will take time and I ask that the NHS PRB consider the existing progression structure for Agenda for Change staff and its distribution among staff when considering and recommending the annual pay award.

As the Chief Secretary set out, the case for continued pay restraint across the public sector remains strong. The Government is clear that it is for each Pay Review Body to consider the evidence and affordability for each workforce. The Chief Secretary's letter also observes that:

*"... 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".*

*"The Review Bodies will want to consider the evidence carefully in producing their report. In particular, what award is justified and whether there is a case for a higher award to particular groups of staff, relative to the rest of the workforce, due to particular recruitment and retention difficulties".*

For the NHS, affordability and the level of incremental pay staff will receive, alongside recruitment and retention pressures, will be a critical element as the Review Body determines whether any award is justified.

I should be grateful if you would make recommendations for the basic pay of NHS staff falling within your remit. In doing so, you should consider evidence in respect of:

- The level of incremental pay staff that have not reached the top of their pay band will receive
  - 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; and

- 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.

I look forward to receiving your report on 2014/15 pay for your remit group in due course.

**DR DAN POULTER**