Staff Side Evidence to the NHS Pay Review Body 2015-16

This evidence is submitted on behalf of the members of the following NHS trade unions and professional associations who work in Scotland

British Association of Occupational Therapists, British Dietetic Association, British Orthoptic Society, Chartered Society of Physiotherapy, Federation of Clinical Scientists, GMB, Royal College of Midwives, Royal College of Nursing, Society of Chiropodists and Podiatrists, Society of Radiographers, UCATT, UNISON, Unite.

The past year has arguably been one of the most challenging for NHS staff in terms of the significant role the workforce has played in meeting the expanding demands on the NHS and their commitment to deliver the best care they can for patients in an environment of dwindling resources and funding.

The drive for efficiency savings within the NHS across all four countries has inevitably impacted on the workforce. Staff side has welcomed the Scottish Government’s commitment to the independent Pay Review Body process by upholding their recommendation and paying a 1 per cent consolidated uplift to all Agenda for Change pay points and ensuring the lowest paid workers in the NHS earn the Living Wage and a minimum increase of £300 for staff earning less than £21,000.

This year staff side evidence is supplemented by the IDS NHS staff survey on pay and conditions (Appendix 1), which as well as drawing out members’ in Scotland views on pay, paints a worrying and unsustainable picture of staff working longer hours in order to deliver the best care they can for patients, increase in workloads and stress, staff relying on additional incomes (unsocial hours payments / special duty and shift premia), and morale within the NHS at an all time low.

The survey highlights that NHS staff in Scotland remain dissatisfied with this year’s pay award after suffering several years of pay restraint. A majority of NHS staff in Scotland felt that the award did not take into account the increases in costs of living; however they are confused and angry that colleagues in other parts of the UK received an even less generous award than the one made in Scotland and would prefer to see all NHS workers treated fairly.
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   - recruitment and retention
Key Points and Recommendations:

i. We ask the Pay Review Body to make a recommendation on pay which despite the tight remit given by the Scottish Government:
   a. recognises that inflation - consistently running well above NHS pay awards year on year - coupled with the two year pay freeze imposed on staff, followed by successive 1% caps on NHS pay; has had a negative impact on the living standards of NHS staff in Scotland.
   b. acknowledges that a fair pay rise for NHS staff would protect the value of NHS pay against prevailing inflation rates and address the deterioration in NHS earnings which has now reached an average 11% cut to pay in real-terms.
   c. continues to protect the lowest paid workers in the NHS by continuing to make the NHS in Scotland a Living Wage employer with a view for this to be implemented in all four countries.
   d. notes concerns raised by staff in Scotland on moving away from a 4 country system to NHS pay.
   e. will recognise the approach taken to NHS pay in England is divisive and recommend that any pay award in Scotland is evenly distributed through the Agenda for Change pay points.
   f. continues to protect the lowest paid workers in the NHS by continuing to make the NHS in Scotland a Living Wage employer with a view for this to be implemented in all four countries.

ii. In relation to incremental pay, we ask the Pay Review Body to note our views and confirm and reiterate the position described in their 26th report that incremental pay progression is not a substitute for annual pay increases.

iii. Staff Side also calls on the Pay Review Body to:
   a. acknowledge the impact of continued pay restraint on the morale of the NHS workforce as well as the impact low morale is having on service quality within the NHS.
   b. note that morale of the NHS workforce has worsened significantly over the last 12 months and shows no signs of improving.
   c. recognise the massive strains to the service caused by increasing demands and the pressure this is placing on the
workforce and its implications on the standards of patient care.

d. recognise the pressures that pay suppression is placing on industrial relations within the NHS and particularly the impact this has had in England.

e. recognise the perception among the workforce that the independence of the Review Body is being consistently undermined by the restricted remit.

f. to investigate pay inequalities and distortions in the pay system and to re-visit the agreement made at the time that Agenda for Change was introduced that there should be coordination between the different NHS Pay Review Bodies on equality issues. This review should be UK-wide and assess the proportion of funds allocated to key groups of staff across the different spines, changing trends of pay distribution and the equality implications of this allocation.
1. Introduction

1.1 Staff side welcomes the Scottish Government’s commitment to protect the lowest paid workers in the NHS, to deliver those earning below £21,000 out of poverty pay by paying them the Living Wage.

1.2 Our evidence has been supported by results from a survey of over 24,000 members of NHS trade unions and professional bodies who work within the NHS. Members from all occupational groups within the NHS and from all four countries participated in the IDS NHS survey in pay and conditions which ran online from June – July 2014.

1.3 The IDS survey identified that NHS staff felt that this year’s pay awards in Scotland, England and Wales were ‘unfair’ as they did not keep pace with cost of living increases. The survey also highlights a service being run on the good-will of its staff, where staff are ‘regularly’ working in excess of their contracted hours in order to provide the best care they can for their patients and clients, but as a result of the pay announcements staff are now feeling undervalued and demoralised.

1.4 Staff side evidence to the Pay Review Body year on year has identified the continued impact inflation has had on the real value of NHS pay and particularly the impact this has had on the lower pay bands. Despite the Scottish government’s commitment to pay NHS staff above the Living Wage inflation will still have taken 8% of the value of the lowest paid staff wages. The most striking aspect of the latest economic data, including future projections from the Treasury on RPI, is the sheer scale of the continued devaluation across all pay bands on Agenda for Change caused by inflation. In this evidence we have explored the impact inflation has had on different Agenda for Change pay bands but the best projections available suggest that inflation will have cut out on average 11% from the value of staff wages by the end of 2014.

1.5 While staff side welcomes the delivery of the NHS Pay Review Body’s recommendations by the Scottish Government to deliver the Living Wage and protecting NHS staff earning below £21,000 with a £300 lump sum, our evidence shows that the 1 per cent consolidated uplift across all the Agenda for Change pay bands simply isn’t enough to keep pace with inflation. The cost of living increases on the most basic of expenditures (housing, food, energy and childcare costs) is being felt across the whole NHS workforce and therefore in our evidence we ask the NHSPRB to make recommendations that will continue to protect the lowest paid, but also to recommend a fair and evenly distributed pay award to all NHS staff.
2. NHS Pay:

Key Points:

- The Westminster Government’s approach has had a profound impact on industrial relations and pay determination for the four UK countries.
- We support the position taken by the Scottish Government to not conflate pay uplifts with incremental progression.
- Withholding progression would be seen as highly divisive and may have unintended consequences in relation to morale in the workforce, as well as industrial relations in the sector.
- The imposition of a third year pay cap following two years of 1 per cent caps on NHS pay will equate to a pay cut in real terms for NHS staff.
- Central Government policy on funding is placing downward pressure on NHS pay in all four countries.

Living Wage in the devolved nations

2.0 Staff side has welcomed the Scottish Government’s commitment to the independent Pay Review Body process by upholding their recommendation and paying a 1 per cent consolidated uplift to all Agenda for Change pay points and ensuring the lowest paid workers in the NHS earn the Living Wage and a minimum increase of £300 for staff earning less than £21,000. The Welsh Government has followed suit with a commitment to the implementation of the Living Wage in this pay round.

Impact of Government NHS pay policy 2014-16

2.1 It would be difficult to overstate the profound impact of the decision taken by the Westminster government to ignore the PRB’s recommendation on pay for 2014-15. Whilst the most immediate effect has been to prompt an industrial dispute in England, the staff side also signal that the decision could have far-reaching consequences not least of which is to further undermine confidence in the role and process of the review body itself.

2.2 Other than for 2007/8 (where the PRB-recommended sum was staggered in England and Wales), pay rates for the remit group have been consistent across the UK since the introduction of Agenda for Change in 2004.

2.3 Agenda for Change contains flexible mechanism for varying pay rates upwards to meet specific local requirements (such as the additional payments agreed in 2012-13 and 2014-15 to meet the Scotland Government’s Living Wage policy).

2.4 Withholding the pay increase from around 60% of staff in England has been perceived by our members as a divisive and hugely unpopular move. Ten of the NHS trade unions are already in formal dispute with the Government and employers. On October 13 2014, trade unions staged the first industrial action over pay in 32 years. Some Trade unions are also in dispute in Wales, with the prospect that there could
also be a dispute in Northern Ireland when a formal pay policy is announced for Health and Personal Social Services staff.

2.5 In addition to costs associated with processing and applying a non-universal sum, managing a dispute must also have had other resource implications for NHS organisations – from organising emergency planning, to managing deductions from salaries during action. If the dispute continues, those savings achieved by withholding the 1% sum will be eroded.

2.6 It is perhaps in thinking about the impact on confidence in the Pay Review Body process that the government’s decision has most consequence. We have reported previously on the perception of members that the independence of the PRB has been much undermined by restrictions put in place over the last four years. Preparing evidence for the pay rounds each year is a significant resource for the staff side and particularly for those unions who also submit their own evidence. Given that it was 2009 when NHS staff last received a pay uplift that kept pace with inflation and that a whole period of political office will have elapsed without the Review Body being able to make unfettered recommendations in line with its statutory remit, it is likely that some if not all trade unions will face growing internal pressure to cease to support and engage with the PRB process, with questions raised about the value for money of the resource expended.

2.7 The approach taken towards the remit covering NHS staff in Scotland, Wales and Northern Ireland raises additional questions about the long-term future of the PRB process in those countries. Stepping aside from UK-wide pay rates so firmly may cause future labour-market issues (not least if the process of gathering and reporting workforce data continues to diverge), but the most pressing concerns for the staff side are about whether the constituent countries will interpret the four-country approach taken in 2014-16 as a release from UK wide structures and look for alternative means for pay determination.

2.8 The NHS Pay Review Body 28th report highlighted that the percentage of NHS staff now at the top of their pay bands across the UK has grown to 47% compared with 42% in the previous year and those staff on Agenda for Change Band 1 are more likely to be at the top of their pay band.
In comparison with the other devolved nations, Scotland has one of the highest proportions of NHS staff (56%) who have reached the top of their Agenda for Change pay band. The two charts below highlight the percentage of staff in Scotland in each band and the percentage of staff who have now reached the top of their band.

The graph below highlights the importance of the Scottish government’s pay policy to protect the lowest paid workers in the NHS. 92% of NHS staff in band 1 are now at the top of their pay band. A majority of NHS staff in Scotland are in Band 5 with 53% of staff who have now reached the top of their band.
2.11 Staff side welcomes the Scottish Government’s pay policy recognition of the separation between incremental pay progression and pay awards for NHS staff. It is staff side’s belief that the two should not be conflated.

2.12 Staff side have expressed concerns about the restricted remit issued to the NHS Pay Review Body by the Scottish Government. For any meaningful recommendations to be made on pay we ask the NHS Pay Review Body to reassert its independence. Otherwise, we may well face a situation where confidence in the pay review approach is undermined.

**Distortions to the Pay Spine**

2.13 Staff side unions are concerned about the increased distortions to the NHS pay spines over several years. In recent years there have been three major issues arising: different awards for Agenda for Change and non-Agenda for Change staff the impact of percentage increases in stretching the differentials between pay spines.; the impact of monetary increases on pay bands under £21,000 which have meant that there has been squashing of pay points (particularly 15 and 16)

2.14 Since the introduction of Agenda for Change, the gap between spine points have become distorted, due to accumulated percentage pay increases and the bottom loading of some awards, with differences now varying between 0.6% and 6.2%. This is shown most starkly at points 15 and 16, with a gap of £125, compared with a difference of £4,185 between points 44 and 45. Different awards implemented in Scotland and the other UK countries will see further distortions between spine points.
2.15 Between April 2006 and April 2013 the difference between the bottom of Grade 1 and the top of Grade 9 expanded by around 10% (the gap rising from £76,615 to £84,275). The value of job evaluation points has therefore increased the higher up the spine, raising questions about fairness. This is compounded by inflation and real term pay cuts hitting the lowest paid hardest.

2.16 IDS research has shown that the annual basic pay (FTE) of senior managers in England increased by 13.8% since March 2009, or 3.3% per year. This was 4.2 percentage points more than the rest of NHS staff.\(^1\) Under a Freedom of Information request conducted by the RCN, executive costs in many trusts rose by over six per cent between 2013 and 2014, with some parts of the country seeing executive rewards rising by almost 15 per cent,\(^2\). Meanwhile, staff side notes that Very Senior Managers have had a pay freeze this year.

The NHS non-medical workforce in numbers

<table>
<thead>
<tr>
<th>Country</th>
<th>Date</th>
<th>No. Whole-time equivalent</th>
<th>% annual change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>March 2014</td>
<td>135,625.7</td>
<td>1.8</td>
</tr>
</tbody>
</table>

2.17 The annual increase in NHS staff in Scotland is mainly due to increases in nursing and midwifery (1,136.1 WTE), administrative services (369.1 WTE), medical (265.4 WTE) and other therapeutic services (130.3 WTE).

2.18 Allied health professionals (AHP) saw staff increase by 16.8% WTE since March 2013, but this annual change was due to paramedics being reclassified as AHPs from 1\(^{st}\) April 2013 – previously they were classified as emergency services.

\(^1\) IDS Executive Compensation Review, Issue 386 – May 2013
\(^2\) www.rcn.org.uk/__data/assets/pdf_file/0008/580760/004674.pdf
2.19 Despite NHS Scotland seeing an increase in staff, vacancy rates in the NHS are still running high. The total number of nursing and midwifery posts was running at a rate of 2.7% in March 2014, along with a rate of 3.9% of vacancies in the allied health profession occupational group.

2.20 Nursing and Midwifery bank staff continue to plug gaps in staffing and provided 3,933 WTE of cover at a cost of £118.2m. This is an increase of 10.1% WTE and £14m on 2012/13. Agency nursing and midwifery staff provided 124.5 WTE at a cost of £9.3m, this is an increase of £2.9 on 2012/13. The overall picture, therefore, may look quite healthy in terms of staffing, but hides worryingly high vacancy rates and a reliance on agency staff – a situation which is both expensive and unsustainable.

2.21 This situation is in fact borne out by findings from the IDS Staff Survey 2014, which shows that two thirds of all staff reported that staff shortages ‘frequently’ occurred in their workplace. A further fifth (19 per cent) reported they ‘sometimes’ occurred, while a further 11 per cent said the happened occasionally. Of all those respondents who stated staff shortages ever occurred, two fifths (39 per cent) said that shortages were dealt with by employing bank staff, while a third (33 per cent) said they were not addressed at all.

2.22 Further findings from this survey show that around half (48 per cent) of respondents stated that their organisation had responded to the financial challenges facing the NHS by reducing posts, while a further third (34 per cent) reported that recruitment freezes had been put in place.

Recommendations:

We ask the Pay Review Body to recognise that despite the tight remit given by the Scottish Government, to make a recommendation on pay which:

- notes concerns raised by staff in Scotland on moving away from a 4 country system to NHS pay.
- will recognise the approach taken to NHS pay in England is divisive and recommend that any pay award in Scotland is evenly distributed through the Agenda for Change pay points.
- continues to protect the lowest paid workers in the NHS by continuing to make the NHS in Scotland a Living Wage employer with a view for this to be implemented in all four countries.
- recognise the pressures that pay suppression is placing on industrial relations within the NHS and particularly the impact this has had in England.
- recognise the perception among the workforce that the independence of the Review Body is being consistently undermined by the restricted remit.
investigates pay inequalities and distortions in the pay system and to re-
visit the agreement made at the time that Agenda for Change was
introduced that there should be coordination between the different NHS
Pay Review Bodies on equality issues. This review should be UK-wide
and assess the proportion of funds allocated to key groups of staff
across the different spines, changing trends of pay distribution and the
equality implications of this allocation.
3. Impact of inflation on the value of NHS pay

Key Points

- Inflation continues to outpace NHS pay awards; as a consequence inflation will have stripped between 8% - 14% out of the value of NHS wages in 2014.
- Public sector pay awards are now falling behind those of the private sector, therefore recent improvements in the strength of the overall economy could be storing up recruitment and retention problems for the future.
- 92% of NHS Scotland in Band 1 are now at the top of the band.
- Pension contributions increased on 1 April 2014. A majority of NHS staff in Scotland reside in Band 5, where NHS staff have seen increases in contributions up to 1.2% this year.

3.1 Inflation

Retail Price Index inflation has stabilised around the 3% mark in the past year with the RPI measure of inflation measuring 2.5% and CPI 1.6% in the year to August 2014.

Source: Office of National Statistics
### Median pay settlement comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Change (RPI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.6</td>
</tr>
<tr>
<td>2011</td>
<td>5.2</td>
</tr>
<tr>
<td>2012</td>
<td>3.2</td>
</tr>
<tr>
<td>2013</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Office of National Statistics

3.2 While NHS staff in Scotland were awarded a 1% pay uplift in April 2014, the private sector which employs 80% of workers in the UK is expected to see average pay settlements running at 2.5% over the year to February 2015.

3.3 Staff side welcomes the upholding of the Pay Review Body’s recommendation of a 1 per cent consolidated uplift across all NHS pay points in April 2014, however cost of living inflation continues to stripe the value from NHS pay. The rate of increase in the cost of living that opened up during 2010 has been sustained over the last four years. The graph below shows that NHS pay awards have been significantly below CPI and RPI over the last four years.

3 IDS Pay Settlement Data – August 2014
Medium range forecasts from the Treasury suggest that inflation rates will continue to take additional bites out of the value of NHS wages and impact significantly on the lower pay bands of Agenda for Change if the annual rise is capped at 1%. The Treasury average of independent forecasts places RPI inflation in the region of over 3% right up until 2018. The medium term forecast put the expected rates at the following levels:

<table>
<thead>
<tr>
<th>Year</th>
<th>RPI forecast</th>
<th>Cumulative increase in cost of living</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>2015</td>
<td>3.1</td>
<td>5.6</td>
</tr>
<tr>
<td>2016</td>
<td>3.5</td>
<td>9.3</td>
</tr>
<tr>
<td>2017</td>
<td>3.4</td>
<td>13.0</td>
</tr>
<tr>
<td>2018</td>
<td>3.4</td>
<td>16.8</td>
</tr>
</tbody>
</table>

If these rates turn out to be correct, the cost of living faced by NHS employees will have grown by nearly 17% by the close of 2018, as reflected by the graph below showing the cumulative impact of inflation forecasts.
3.6 The state of the economy is hard to predict going forward - the current Bank of England inflation report (August 2014) which predicts inflation rates for the whole of the UK identified that there still continues to be ‘economic and financial challenges’, however current pay settlements in the private sector are averaging at 2.5% compare with public sector pay awards capped at 1%. The distribution for pay settlements in 2014 have clustered around 2.5% (Source: IDS Pay).

\[\text{Forecast increase in cost of living}\]

\[
\begin{array}{ccccccc}
\% increase & 0 & 2 & 4 & 6 & 8 & 10
\end{array}
\]

\[\text{Distribution of pay settlements, May–Jul 2014}\]

\[
\begin{array}{cccc}
\% & \% of pay settlements \\
0 & 10 & 20 & 30 & 40 & 50 & 60 & 70 & 80 \\
0 & 1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 \\
\% of pay settlements & 6\% & 10\% & 69\% & 13\% & 2\% \\
\end{array}
\]

\[\text{Source: IDSPay.co.uk}\]

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3.7 This is having an impact in the overall value of take home pay in the public sector as illustrated in the graph below:

Source: Office of National Statistics
Impact on NHS Wages

3.8 The effect of inflation on the wages of NHS staff can be seen in the diagrams below; we have used as examples staff on the top of their Agenda for Change bands, to avoid the complication of incremental pay rises. Taking the salary of a Band 5 worker at the top of their scale in April 2006 the graph below shows how their actual salary increased through to April 2010 and then illustrates their salary remaining flat with small uplifts in April 2013 and April 2014. The pay freeze for Band 5 NHS staff in 2011 and 2012 saw the gap continue and in 2014 on current inflation projections even with a 1% uplift, inflation will have devalued their salary by 13% which is at least £3,708 with an additional £642 by the end of 2014.

3.9 Using the independent Treasury forecasts on inflation the graph below shows the impact of inflation on a Band 5 Salary up to 2018 with a capped 1% pay award every year up to April 2018. By 2018 inflation will have devalued Band 5 pay by 20%.
3.10 For the lowest paid staff in the NHS the picture is very similar. Despite the Scottish government's public sector pay policy to increase basic pay for all staff by 1%, a minimum increase of £300 for staff earning less than £21,000 and ensuring all staff earn above the Living Wage (which is currently £7.65 per hour), unfortunately there still continues to be a trend of inflation devaluing the amount of take home home pay for the lowest earners in the NHS. A Band 1 worker will have lost at least £1,300 from below inflation pay rises, which in percentage terms is an 8% cut in the value of their pay.

3.11 The longer term impact on NHS wages is illustrated by the diagram below, which takes a wage of £25,000 in the year 2000 and tracks the net impact of pay awards and inflation as an example of how its real value has grown and declined. The exercise shows that the real value of the wage grew to a high of £26,146 by 2005, but the gap between inflation and the pay award has been so dramatic that the real value has now actually dipped below to £21,353 – this trend is set to continue into 2015.
Inflation Components

3.12 The changes in the price of components of the Consumer Price Index over the year to August 2014 as defined by the Office of National Statistics are shown in the tables below.

<table>
<thead>
<tr>
<th>Item</th>
<th>% increase over year to August 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>17.2</td>
</tr>
<tr>
<td>Alcoholic beverages and tobacco</td>
<td>6.2</td>
</tr>
<tr>
<td>Food and non-alcoholic beverages</td>
<td>3.8</td>
</tr>
<tr>
<td>Communication</td>
<td>3.0</td>
</tr>
<tr>
<td>Transport Services</td>
<td>5.4</td>
</tr>
<tr>
<td>Restaurants and hotels</td>
<td>2.7</td>
</tr>
<tr>
<td>Health</td>
<td>2.5</td>
</tr>
<tr>
<td>Housing, water, electricity, gas and other fuels</td>
<td>4.1</td>
</tr>
<tr>
<td>Furniture, household equipment and maintenance</td>
<td>0.7</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>1.1</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>0.9</td>
</tr>
</tbody>
</table>


3.13 The most recent CPI figures show that food inflation has continued to increase. Transport costs were also a very significant contributor to the rate. The chart below details the percentage increases in the most basic of expenditures since 2010.

<table>
<thead>
<tr>
<th>Item</th>
<th>Rise in cost since 2010</th>
<th>Item</th>
<th>Rise in cost since 2010</th>
<th>Item</th>
<th>Rise in cost since 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>13%</td>
<td>Potatoes</td>
<td>22%</td>
<td>Electricity</td>
<td>28%</td>
</tr>
<tr>
<td>Beef</td>
<td>26%</td>
<td>Fruit</td>
<td>12%</td>
<td>Gas</td>
<td>38%</td>
</tr>
<tr>
<td>Fish</td>
<td>20%</td>
<td>Rent</td>
<td>11%</td>
<td>Clothing and footwear</td>
<td>42%</td>
</tr>
<tr>
<td>Butter</td>
<td>29%</td>
<td>Mortgage interest payments</td>
<td>8%</td>
<td>Petrol</td>
<td>12%</td>
</tr>
</tbody>
</table>
The changes in the price of components of the Retail Price Index over the year to August 2014 as defined by the Office of National Statistics are shown in the tables below.

<table>
<thead>
<tr>
<th>Item</th>
<th>Average % increase to August 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonal food</td>
<td>7.1</td>
</tr>
<tr>
<td>Personal expenditure</td>
<td>5.4</td>
</tr>
<tr>
<td>Consumer durables</td>
<td>4.5</td>
</tr>
<tr>
<td>Alcohol and tobacco</td>
<td>4.5</td>
</tr>
<tr>
<td>Food and catering</td>
<td>3.4</td>
</tr>
<tr>
<td>Housing and household expenditure</td>
<td>3.2</td>
</tr>
<tr>
<td>Mortgage interest payments and council taxes</td>
<td>3.2</td>
</tr>
<tr>
<td>Travel and leisure</td>
<td>1.2</td>
</tr>
<tr>
<td>All goods</td>
<td>2.8</td>
</tr>
<tr>
<td>All services</td>
<td>3.6</td>
</tr>
<tr>
<td>All items</td>
<td>3.0</td>
</tr>
</tbody>
</table>


In October 2014 the Cabinet Secretary for Health and Wellbeing announced a further year of the continued pay restraint with a 1% cap on the pay uplift of NHS staff in Scotland for 2015-16.

**Other costs**

The NHS pension scheme in Scotland mirrors the scheme in England and Wales. Following the Lord Hutton review the UK Government increased employee contributions to all public service schemes by an average of 3.2% of pensionable pay by April 2014. The third round of increases was applied on 1 April 2014. Current member contributions vary from 5% to 14.5%, although as discussed previously in this evidence as 26% of NHS staff in Scotland reside in Band 5 which puts them in pension tier 3 & 4.
<table>
<thead>
<tr>
<th>Tier</th>
<th>Pensionable pay (WTE) paid in 2013-14</th>
<th>Contribution rate in 2014-15 (applied 1 April 2014)</th>
<th>Gross rise in contribution rate (percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Up to £15,431</td>
<td>5%</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>£15,431 to £21,387</td>
<td>5.6%</td>
<td>0.3</td>
</tr>
<tr>
<td>3</td>
<td>£21,388 to £26,823</td>
<td>7.1%</td>
<td>0.3</td>
</tr>
<tr>
<td>4</td>
<td>£26,824 to £49,472</td>
<td>9.3%</td>
<td>0.3</td>
</tr>
<tr>
<td>5</td>
<td>£49,473 to £70,630</td>
<td>12.5%</td>
<td>1.2</td>
</tr>
<tr>
<td>6</td>
<td>£70,631 to £111,376</td>
<td>13.5%</td>
<td>1.2</td>
</tr>
<tr>
<td>7</td>
<td>Over £111,377</td>
<td>14.5%</td>
<td>1.2</td>
</tr>
</tbody>
</table>

3.17 Members in the nursing and midwifery occupational group have seen a substantial increase in their Nursing and Midwifery Council registration fees. Nurses and midwives have no choice but to pay a registration fee to the NMC because if they don’t pay their registration fee they are unable to practice. The new fee (£120) is to be applied from February 2015 and marks a 52% rise in 2 years. The NMC regulates 675,500 nurses and midwives across the UK.

3.18 The Family and Childcare trust recently released a report which highlighted average childcare costs in Scotland. The report found that most parents buying full-time childcare in Scotland spend 20-30 per cent of their gross income on childcare.

3.19 The report also found the cost of sending a child under two to nursery part time (25 hours) is now £106.04 per week in Scotland which equates to £5,514 per year. This means that even part time childcare costs more than the average mortgage.

3.20 The Family and Childcare Trust also monitored the cost and availability of childcare during the school holidays across Britain. The 2014 report found that holiday childcare was 1.7% more expensive than it was in 2013. They reported the average holiday club costs £114.51 per week (see table below).

<table>
<thead>
<tr>
<th>Region</th>
<th>Nursery 25 hours (under 2)</th>
<th>Nursery 25 hours (2 and over)</th>
<th>Childminder 25 hours under 2</th>
<th>Childminder 25 hours over 2</th>
<th>After school club 15 hours</th>
<th>Childminder after-school pick up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>£106.04</td>
<td>£102.06</td>
<td>£95.59</td>
<td>£96.84</td>
<td>£49.54</td>
<td>£77.90</td>
</tr>
</tbody>
</table>

Average

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>£110.95</td>
<td>£106.19</td>
<td>£100.74</td>
<td>£101.51</td>
</tr>
</tbody>
</table>

Source: The Family and Childcare Trust

**Recommendations:**

We ask the Pay Review Body to make a recommendation on pay which:

- will recognise the approach taken to NHS pay in England is divisive and recommend that any pay award in Scotland is evenly distributed through the Agenda for Change pay points.
- recognises that inflation - consistently running well above NHS pay awards year on year - coupled with the two year pay freeze imposed on staff, followed by successive 1% caps on NHS pay; has had a negative impact on the living standards of NHS staff in Scotland.
- acknowledges that a fair pay rise for NHS staff would protect the value of NHS pay against prevailing inflation rates and address the deterioration in NHS earnings which has now reached an average 11% cut to pay in real-terms.
- continues to protect the lowest paid workers in the NHS by continuing to make the NHS in Scotland a Living Wage employer with a view for this to be implemented in all four countries.
4. IDS NHS Staff Survey on Pay and Conditions 2014 Part 1 (Appendix 1)

Key Points

- Eight in ten NHS staff in Scotland felt that the policy on pay for 2014/15 was unfair as staff have already had several years of pay restraint, and that it didn’t take into account cost of living increases.
- 60% of NHS staff in Scotland felt that the award was unfair as the workforce in England are facing a worse settlement.
- Two thirds of NHS staff felt that morale was worse than a year ago – some of the reasons included increase in workplace stress and falling value of NHS pay.
- Deterioration over the last five years of the work-life balance of NHS staff with two thirds of respondents working in excess of their contracted hours, the main reason was because staff want to provide the best care they can for patients and clients.

The IDS NHS staff survey on pay and conditions had a total of 29,975 respondents, with 2,867 responses from members who identified they worked in Scotland.

Reactions to the NHS pay policy

4.1 The political decision to impose a 1% cap on NHS staff pay uplifts for the next year is perceived by members to be unfair and anger at the low level of the uplift from NHS staff is taking its toll on morale and motivation. Well over half of all respondents (59 per cent) stated that they had considered leaving the NHS in the previous 12 months, with the most common reasons being the falling value of take home pay.

4.2 Respondents were asked about the approach to pay taken in NHS Scotland and whether it was fair. Very few agreed the approach was fair because it is necessary to save money (5 per cent) or to prioritise patient care (5 per cent). A minority, albeit a higher proportion, view it as fair because it protects the lower paid members of staff (20 per cent).

Overwhelmingly, respondents stated that the NHS pay policy is unfair. There appears to be an agreement that NHS workers have already faced years of pay restraint (86 per cent) that the 2014/15 award does not adequately reflect the cost of living (91 per cent) and that the NHS workforce in England are facing a worse settlement (59 per cent).
The NHS needs to save money

The NHS must prioritise protecting patient services and care

It helps out lower paid staff

The pay policy is fair because...

- Not sure/don't know
- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree
Supplementary earnings

4.3 Respondents were asked whether in their employment within the health service, they were dependent on any of the additional payments to sustain their standard of living. Just over half of all respondents in Scotland rely on unsocial hours payments/special duty/shift premia, overtime, on call or other payments.
4.4 Around a third of all respondents stated they replied on unsocial hours payments to sustain their standard of living. In a follow up question, these respondents were asked about the likely impact on them if unsocial hours payments were reduced or removed. Two thirds (66 per cent) stated they would actively seek not to work unsocial hours, 62 per cent stated that it would damage their work-life balance and two fifths (44 per cent) said they would leave the NHS.
Morale and Motivation

4.5 Almost two thirds (63 per cent) of respondents in Scotland stated that morale and motivation is either worse or a lot worse than 12 months previously, with fewer than one in ten stating it is better.

4.6 Asked for the reasons for falling morale and motivation, the main reasons cited are increased workplace stress (70 per cent); the falling value of take-home pay (41 per cent); workplace restructuring and reorganisation (35 per cent); and dissatisfaction with the level of care respondents feel able to give (32 per cent).
4.7 The implications for staff retention from this decline in morale and motivation are clear, with one third (33 per cent) of respondents stating they had ‘very seriously’ considered leaving the NHS in the previous 12 months and a further quarter (26 per cent) had done so ‘fairly seriously.’ It also threatens to impact on staff recruitment, with over half (55 per cent) of respondents stating that that would probably or definitely not recommend their profession or occupation as a career in the NHS.

4.8 Part of this decline in morale and motivation may stem from how NHS workers feel that are perceived and supported by the public and other NHS staff. While 70 per cent agree that they feel supported by their team members and 42 per cent feel supported by their line manager, just 16 per cent feel supported by their NHS organisation. Even worse findings are that just 5 per cent feel supported by the press and 3 per cent by politicians, indicating the level of frustration in how they feel they are portrayed in the media and treated by politicians.
Working hours
4.9 One third of members in Scotland state they ‘frequently’ work over their contracted hours, with a further 19 per cent stating they do so ‘always.’ A minority state that they never work additional hours.
4.10 Out of all respondents who stated they work additional hours, over a third (36 per cent) state that this is usually unpaid, with a further 14 per cent indicating that some hours are paid and some unpaid, pointing to the high reliance on unpaid overtime in the NHS.

4.11 Looking at the number of additional hours worked in a week, half of
respondents stated they typically worked up to 2 hours per week, with a further quarter stating they work between 2 and 4 hours per week.

### Number of additional hours worked per week

<table>
<thead>
<tr>
<th>Number of Additional Hours Worked per Week</th>
<th>Scotland</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 2 hours</td>
<td>49.7</td>
<td>43.0</td>
</tr>
<tr>
<td>Over 2, up to 4 hours</td>
<td>25.6</td>
<td>28.5</td>
</tr>
<tr>
<td>Over 4, up to 6 hours</td>
<td>10.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Over 6, up to 8 hours</td>
<td>5.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Over 8 hours</td>
<td>8.6</td>
<td>9.0</td>
</tr>
</tbody>
</table>

4.12 When asked for the reasons for working additional hours, the most common reasons were the feeling that respondents merely want to provide the best care possible and get their work down and in reality; this requires working beyond contracted hours. Other reasons include catching up on paperwork (38 per cent), and covering staff shortages (31 per cent).
5. NHS Scotland Staff Survey 2013 – Results

5.1 The National Staff Survey gives all NHS Scotland staff the opportunity to provide feedback on their experience of working for the organisation. The results are used to identify areas where things are going well and potential areas for improvement, to monitor trends and to assess organisational performance against the five key elements of the Staff Governance Standard\(^6\). The response rate was 44,389 responses which equates to a 28% return rate (this was higher than 2010 when only 26% of staff responded).

5.2 Similar to the findings in the IDS survey, three quarters of staff said they get help and the support they need from their colleagues.

5.3 Lowest scoring questions (as seen in graph below) included staff feeling that they were not consulted about changes at work.

5.4 Only 39% felt they were well informed about how change made at work would work in practice.

5.5 Least positive results included staff who felt there were enough staff to do their jobs properly and more worrying

5.6 only half (52%) of staff agreed it was safe to speak up and challenge concerns about quality, negligence and wrong doing.

1 Figure includes all attitudinal survey questions with a five-point response scale and shows the total percentage of positive responses to each question within NHSScotland.

2 For Question 7a, direct comparison with the 2010 result was not possible due to a change in question wording.

Source: NHS Scotland Staff Survey 2013