

May 2008

Facts about the NHS Pay Offer



A briefing has been circulated amongst NHS staff purporting to outline the truth behind the NHS pay talks. Unite believe this unfortunate briefing from one of our fellow health sector unions does not give the full picture, and includes several false claims about Unite.

Unite are concerned to return the NHS trade unions to a position of unity. This is needed in the face of the Government's attempts to try and limit public sector pay to 2%, in anticipation of further pay talks and in campaigning for fair public sector wages. However, Unite believe the false claims made about Unite must be responded to.

Summary

- The 2007 final pay agreement included a commitment to see if a multi-year pay deal could be reached. All NHS trade unions were involved in negotiations from September 2007-January 2008. RCN and Unison continued 'exploratory meetings' by themselves.
- Unite believe the 2.75% recommended from the NHS Pay Review Body should be separated out from the additional negotiated years. This does not prevent other alterations to the NHS pay bands being negotiated and made. Unite reject the accusation that we are not in favour of the proposal because we do not care about the lower paid.
- Unite believe the recent RPI inflation increases mean a single year deal may present the best current option. Any multi-year deal should have a stronger 're-opener' clause to the one being proposed.
- Incremental progression and increases in allowances should not be used to reduce the amount that basic pay is uplifted by.
- Threats to stage the 2.75% recommended by the Pay Review Body are not a good enough reason for a trade union to simply accept the first deal they are presented with.
- It is simply untrue to say that "no-one knows what Unite members think" about the pay offer. Elected representatives in both sections of Unite took soundings from members and a programme of workplace meetings is currently taking place around the country. Unite have a very proud history of representative democracy. It is normal practice for the elected national committee of a sector to evaluate a pay offer and decide whether or not it is a good enough offer to ballot members on. On this occasion they decided the offer was below what members would reasonably expect and therefore it was better to call for further negotiations rather than to ballot on whether to accept the offer.



Fact 1. The final pay agreement for 2007 included a commitment to negotiate to see if a three year pay deal could be reached. The commitment was for negotiations to include help for those at the bottom of the pay scale and the length of pay bands, a reduction in the working week and the payment of professional fees.

Fact 2. Multi-year pay talks began in September 2007, in parallel with evidence being submitted to the NHS Pay Review Body. Six unions – Unison, RCN, Unite, RCM, CSP and the GMB - formed the negotiating group on behalf of all unions in the NHS at this initial stage. All of these unions were involved in pay talks from September 2007 until January 2008 when negotiations were suspended, pending the outcome of the Pay Review Body report.

In the 3 weeks prior to 4th April – while the PRB had yet to formally report – Unison and RCN had what they described as ‘exploratory meetings’ with the Department of Health and NHS Employers. A special NHS Staff Council Executive meeting – which involved all the trade unions, employers and the Department of Health took place on 4th April.

The other trade unions were informed about the content of the ‘exploratory meetings’ on the 1st April. There was then no written documentation providing the details to the other trade unions until the meeting on the 4th April. Indeed, both the NHS Employers statement and Alan Johnson’s Ministerial Statement announcing the pay offer stated it was a proposal they had agreed with Unison and the RCN.

Unite clearly opposed the proposed pay offer.

Fact 3. Unite and the other trade unions wrote to the NHS Employers and stated that;

“We believe that the proposed long-term settlement for the two years after the PRB recommendation represents a potential real-terms cut in the pay of staff in the NHS. We are not prepared to recommend this to our members given the trends in the economy and prospects for inflation.”

Unite believe the 2.75% should be separated out from the 2nd year and 3rd year proposals. This is because the 2.75% - although below inflation – has come from a recommendation of the Pay Review Body - a body which all Agenda for Change stakeholders have signed up to. This is consistent with the position of Unite last year when opposing the staging of the pay award, although unhappy with the level of the recommendation.

Unite reject the statement that ourselves and the other trade unions do not care about low paid staff in the NHS. Unite believe the issue of low pay should be dealt with head-on not by effectively redistributing monies from one group of NHS staff to others. It should also be noted that Unite represent members spread across the NHS pay bands, and are committed to representing all members.

Further, it is outside of the remit of the Pay Review Body to eliminate and alter pay points. This can be done through the NHS Staff Council however, and Unite does not object to this. Rejecting this pay proposal does not stop evaluation and alteration of the NHS pay bands by the NHS Staff Council.

Fact 4. Unite wishes to see a deal which all the trade unions can support rather than just two. Unite believe this is the best way to return to unity amongst the NHS trade unions. It should also be noted that any pay offer needs to be voted on and agreed by a majority of the trade unions at the NHS Staff Council.

Fact 5. That “no-one knows what inflation is going to be in future years” and given the recent relative volatility in inflation and current price rises is a strong argument for a single year deal. This argument has been reinforced by the prediction from Mervyn King, the Governor of the Bank of England, is that inflation will continue to grow. The Consumer Price Index (CPI) is currently at 3% and King believes it will continue to increase to over 3.5% in the coming months. This is important as the CPI excludes items such as housing costs and consistently underestimates the rising costs of living.

This is the ‘re-opener clause’ in the proposed agreement,

“The NHS PRB will continue to gather evidence throughout the period of this agreement. In the event that the NHS PRB receive and identify new evidence of a significant and material change in recruitment and retention and wider economic and labour market conditions, they may request a remit from the Secretary of State to review the increases set out in this agreement for 2009/10 and/or 2010/11.”

Unite believe this clause is weak. In the private sector, for example, it is usual for an agreement to state that if inflation goes above a particular figure then new talks will begin. The proposed clause above involves several steps. The trade unions first have to prove to the PRB there is a significant change in recruitment and retention, and the labour market not just the level of inflation. Then before the talks can start the Government has to agree that the PRB can begin the process of reviewing any agreed increases. It is not necessarily the case that after this review the PRB would recommend there should be a further increase to take into account inflation rises, or that this would then be agreed and acted upon by Government.

Fact 7. A deal below inflation means a pay cut in real terms. For example, this year the proposal is that NHS pay will be uplifted by 2.75%. At the moment the measure of inflation that Unite – and the rest of the NHS trade unions have argued for – is the Retail Price Index (RPI). This currently stands at 4.2%. A pay deal below the rate of inflation means that even though pay is increased people are less able to afford the increased household bills, transport, food costs and so on.

During 2007 the average RPI figure was 4.26% - all the major energy suppliers have increased their tariffs by around 15% pushing the average domestic bill to over £1000 a year and average food prices have risen by 6.6%. The RPI rate of inflation will therefore be higher than the CPI rate predicted by Mervyn King.

It has long been the stance of all the NHS trade unions in negotiations and evidence to the Pay Review Body – and the Pay Review Body has agreed with us – that incremental progression is a separate element of the pay structure to the general uplift in basic pay. Incremental progression is there to reward staff for extra skills, responsibilities and knowledge they gain. It should not substitute for a proper and fair uplift in basic pay.

Fact 8. All staff on Agenda for Change – including those lowest paid – would have an uplift of at least 2.75% in the 1st year, 2.4% in the 2nd year and 2.25% in the 3rd year under the proposal; this is not in dispute. The issue is that Unite and others do not believe the negotiated multi-year proposal is a sufficient uplift in basic pay given the rising living costs NHS staff have had to meet.

Fact 9. Unite believe that pay awards in line with or above inflation in previous years to 2007 is not compensation for increases in prices experienced by staff now or are likely to have to meet in the next couple of years.

It has been the position of all trade unions that allowances should not be substituted for, or used to, lower the necessary uplifts in basic pay. Unsocial hours payments are paid as compensation and recognition of the unsocial hours staff work, not help cover the rises in living costs.

Fact 10. The government have threatened to stage the payment of the 2.75% if the trade unions reject the 3 year proposal in a letter from NHS Chief Executive David Nicholson (letter attached) and Alan Johnson the Secretary of State for Health in a ministerial statement. Unite do not believe that Government threats along these lines is a good enough reason to automatically accept the first offer we are presented with when we do not believe it is good enough for our members. The threat to stage the pay offer only appeared after the meeting on 4th April, when it became clear that the majority of trade unions were likely to reject the proposed deal. This is an attempt to bully trade unions and their members into accepting the proposal.

Fact 11. Unite and the other trade unions cannot predict what future recommendations the Pay Review Body may make. We do know the PRB recommendation is higher than the 2 years – 2009/10 and 2010/11 – negotiated alone by Unison and RCN.

Fact 12. It is simply not true that “No one knows what the members of Unite want because their Executive chose not to consult them”, and Unite object to another trade union including such a statement in an official briefing to its members.

The elected national Health Sector committee from the T&GWU section of Unite carried out a consultative ballot, with a recommendation to reject the proposal. The result of the ballot is that the pay offer has overwhelmingly been rejected by 6 to 1. The elected representatives for the Health Sector National Committee from the Amicus section of Unite decided to reject the offer outright after taking soundings from members. This committee includes representatives from community practitioners, bio-medical scientists, mental health nurses, speech and language therapists, estates and maintenance workers, healthcare chaplains, sexual health advisors, psychologists, dental nurses and technicians and pathologists. Unite have a very proud history of representative democracy. It is normal practice for the elected national committee to evaluate a pay offer and decide whether or not it is a good enough offer to ballot members on. On this occasion they decided the offer was below what members would reasonably expect and therefore it was better to call for further negotiations rather than ballot on whether to accept the offer.

Both sections of Unite are currently conducting workplace meetings around the country.

Fact 13. Unite members voted for industrial action in the National Blood Service when they produced plans which would undermine the service. The strength of feeling this indicated prompted the employers to change their plans. Unite members have taken industrial action when employers have attempted to undermine Agenda for Change by removing nationally agreed Recruitment and Retention Premiumia from groups of workers. These actions have benefited a wider group of NHS staff than just Unite members and has shown that Unite can lead successful actions rather than depend on others.



Gateway reference number 9734

Richmond House
79 Whitehall
London
SW1A 2NS
Tel: 020 7210 5142
Fax: 020 7210 5409
david.nicholson@nhs.gov.uk

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Dear Colleague,

I am writing to let you know the recommendations of the Doctors and Dentists Pay Review Body for a 2.2 percent award for salaried doctors and dentists have been accepted. These are:

- 2.2 percent for hospital doctors and hospital doctors and dentists in training.
- 3.4 percent increase in the gross earnings base for general dental practitioners (GDPs). This is intended to result in an increase in GDPs income of 2.2 percent after allowing for an increase in expenses.
- Increasing Global Sum-payments to GP practices for providing core services by 2.7 percent which having taken account of the cost of expenses equates to a 2.2 percent increase in earnings. However, these are mostly offset by corresponding decreases in correction factor payments, which will mean most GP practices will maintain their income at the levels established by the Minimum Practice Income Guarantee. The offer will be invested to deliver the guaranteed 1.5 percent investment balancing investment to secure additional patient services. Guidance on implementing changes to current GMS and PMS contractual arrangements will be issued later this month.

A proposed three-year pay package for all NHS Agenda for Change staff has also been agreed, and will now be subject to consultation by union members. This proposed agreement is between Unison, the Royal College of Nurses, NHS Employers, and the Department of Health. The proposal includes:

- Acceptance in full of the 2008/09 NHS Pay Review Body's recommendations for a 2.75 percent pay rise for nurses and other healthcare professionals from 1 April 2008
- 2.4 percent headline award in 2009/10
- 2.25 percent headline award in 2010/11.

What happens next?

If the proposed multi-year agreement is formally accepted by the unions following consultation with their members, the Government will accept the recommendations of the independent NHS Pay Review Body in full. Nurses and other healthcare professionals will receive a 2.75 percent uplift in 2008/09.

If the proposed agreement is not accepted by union members, the Government reserves the right to review its response to the NHSPRB recommendations and decide whether to accept, stage or abate them in the context of a one year settlement.

If the three year deal is accepted, we will implement the deal as soon as we can with pay backdated to 1 April 2008. Reaching agreement may take several weeks, but in the meantime it would be prudent for organisations to assume that these rates will apply and to review local financial plans accordingly.

I believe the proposed agreement represents a balanced deal that will be good for staff, for employers and for patients. In particular, it will provide a stable platform for future financial planning.

More information is available by going to <http://nhs.uk/Content/Detail.asp?ReleaseID=364706&NewsAreaID=2>

Information is also available on the NHS Employers website <http://www.nhsemployers.org/aboutus/mediacentre-listing.cfm/pressrelease/758>

Yours sincerely,

David Nicholson CBE
NHS Chief Executive