

South West Pay, Terms and Conditions Consortium – Frequently asked questions

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What is the south west pay, terms and conditions consortium?

The consortium comprises 20 NHS trusts and foundation trusts and has been established in response to the serious financial and clinical service challenges facing the NHS, both now and in the future.

The consortium's steering group is responsible for identifying how taxpayer funding may be more efficiently used in order to protect both employment and the continued delivery of high quality healthcare, which includes looking at the pay, terms and conditions of all staff.

Why has it been established?

The consortium believes that the NHS' largest expenditure – the workforce – must be better designed to reflect the needs of each organisation in maintaining and building on high quality health services, whilst recognising and rewarding hard working and high performing staff.

Pay, terms and conditions form a significant and growing part of the financial challenge facing NHS organisations, despite the Government's two year freeze, which ends after this financial year, and an announcement to cap annual pay increases at an average of one per cent for the next two years.

For example, an average sized trust with a turnover of £200m will see its expenditure on pay increase by more than £3m per year from 2013/14. As a result of these and other cost pressures, including reduced income, Monitor (the independent regulator of NHS foundation trusts) has estimated that organisations of this size will need to produce savings of around £9m a year for each year until 2016/17 to remain in good financial health.

The aim of the consortium is to provide greater security for health services and staff, with an affordable pay, terms and conditions system that recognises and rewards performance, promotes greater productivity, and creates a flexible workforce responsive to changing patient needs that is fit for purpose in the modern NHS.

Can these challenges be met by current cost improvement or savings plans, or by working more efficiently?

The consortium believes the challenges outlined earlier cannot be successfully met without more innovative ways of achieving efficiencies and maximising productivity being examined, whilst protecting and continually seeking to improve patient care. It is in everyone's interest – staff, patients, and employers, local health economies – to find ways to support a

financially sustainable NHS. As a result, viable organisations are in a much stronger place to protect jobs and patient services.

Therefore the consortium will be looking at how overall workforce costs could be reduced, whilst maintaining a transparent and fair system that is better able to reward high performance and support the continued delivery of high quality healthcare.

What happens if these challenges cannot be met?

NHS organisations throughout England, including consortium members in the south west, are facing enormous financial and service challenges now and over the coming years.

The consortium believes that without exploring changes to the current pay, terms and conditions frameworks, employers will have little option, in addition to other cost improvement schemes, other than to reduce workforce numbers to a level which potentially undermines the sustainability of high quality services for our patients.

What remit does the consortium have?

The consortium will develop a full business case, which will detail the challenges facing the NHS in the south west, and suggest and evaluate options which could help meet them over the medium-term.

The full business case is anticipated to be completed by the end of this calendar year which will then be presented for consideration and decision at each consortium member's trust board.

As part of its preparation of the business case, the consortium will also seek to engage with the relevant trade unions. The consortium has no authority or power to introduce any changes – it will only set out potential options and make recommendations for individual trust boards to consider consulting on with their own staff representatives.

What is the role of trust boards?

Every trust board will consider carefully and decide individually whether it wishes to consult locally on and progress any of the recommendations set out in the business case.

Why is the consortium looking at staff pay, terms and conditions?

As outlined earlier, staff pay makes up more than two thirds of total expenditure each trust spends each year. Pay, terms and conditions continue to form a significant part of the financial challenge facing NHS organisations, even allowing for the Government's two year pay freeze, which ends in this financial year, and the recently announced proposal to cap annual pay increases for the next two years at an average of one per cent.

While many cost improvement programmes at trust-level have successfully addressed the use of expensive agency or bank staff, or reduced pay bill costs by utilising the normal turnover of staff as they leave or retire, and service improvement projects have generated some very welcome efficiency and cost savings, current and future financial and operational challenges are such that these are simply not enough.

Each trust must find more innovative ways to ensure staff are rewarded and recognised, while preserving high quality services for our patients. The work of the consortium aims to support each trust to consider these innovative solutions while safeguarding employment and high quality services for the future.

I have read and heard that there are proposals in place to reduce pay by up to 15 per cent, and reduce sickness absence leave, among others. Are these true?

The consortium has not put forward any proposals at all, therefore statements of this kind are not true.

These types of headlines are based on documents which list the kinds of areas that might be looked at in any review of pay, terms and conditions, and certainly do not constitute firm plans or decisions. These documents were written in order to start a discussion at a regional level amongst interested trusts about what might be consulted upon with staff.

The consortium's business case, which is anticipated to be completed before the end of 2012, will set out potential options for consideration for change which each trust board will then consider whether they wish to consult upon or progress locally.

Can trusts dismiss and re-engage staff on to new pay, terms and conditions, as I've read and heard about?

Under employment law, this option is available to employers, including those in the NHS, but only after attempts to reach agreement on any changes have been exhausted. However consortium trusts are in agreement that it is neither desirable nor necessary, and will do all that is possible to avoid this.

Should trust boards formulate proposals for new pay, terms or conditions, each individual organisation will work hard to proactively engage and consult with staff and representatives to seek agreement.

Is the consortium advocating blanket pay cuts for staff?

No. The consortium steering group is looking at a wide range of possible options that may help to provide greater security for health services and staff, with an affordable pay, terms and conditions system that recognises and rewards performance, promotes greater productivity, and creates a flexible workforce responsive to changing patient needs that is fit for purpose in the modern NHS.

One of these possible options includes looking at a pay reduction – it should be stressed that the consortium and member organisations believe that such a measure is unnecessary and undesirable.

Is the consortium looking at Agenda for Change staff only?

No. it is important to understand that the consortium will look at the pay, terms and conditions for all staff groups, which includes medical and dental staff and senior managers (including chief executives).

My trust reported a financial surplus last year. Why should we be part of the consortium?

Some trusts in the South West did report a surplus in 2011/12. The consortium believes that the financial and service delivery challenges facing individual trusts are greater than the surpluses each organisation will be able to produce in the years ahead. Therefore there is a need for all member organisations to explore ways in which savings can be found, including looking at how pay, terms and conditions can play a part in this.

One of the possible options in the ‘addressing pay, terms and conditions’ discussion paper includes reducing the length of the working week. If this was introduced, does that mean fewer patients would be cared for by member trusts?

While efficiencies in how the NHS is run and operates cannot bridge the savings gap alone, they can play an important role in supporting this. By using the latest technologies, more effective medicines and procedures, working more collaboratively (including with partner organisations and community services) and removing waste as far as possible, the NHS is more productive than ever. By safeguarding employment by avoiding redundancies, it may be possible to reduce the working week whilst maintaining current and planned-for activity levels.

In common with all other potential options outlined in this document, it is included to promote debate and discussion.

Why has the consortium been established when there are already national negotiations taking place on changes to terms and conditions under Agenda for Change?

The consortium is fully supportive of the national discussions between employer representatives and unions which have been taking place for more than 18 months and are looking at modernising the current Agenda for Change system of terms and conditions.

Each Trust, and the consortium, will be monitoring progress of these talks with great interest. Each consortium member is keen to see these talks succeed and produce

amendments to current pay, terms and conditions which will support each Trust in meeting the significant financial and service challenges outlined earlier in this document.

The consortium believes that rather than watch these negotiations from a distance, it can and should work in parallel while these discussions take place to provide the best opportunity to be sustainable organisations in the years ahead.

It is also appropriate that, in response to the unprecedented challenges the NHS faces outlined earlier, the consortium explores the possibility of achieving efficiencies through changes to the terms and conditions of other staff groups beyond those working under Agenda for Change.

Why isn't the consortium talking to unions?

Regrettably, to date, key unions have indicated they are unwilling to discuss the scope of the project whilst national negotiations are ongoing.

The consortium's steering group chair was invited by the Social Partnership Forum in the south west, at which representatives from every major union meet with employers on a regular basis, to discuss the project in early July. This invitation was subsequently withdrawn.

All participating trusts are totally committed to working with staff and local unions throughout the period in which the full business case is produced, and beyond. Staff engagement is essential in all matters as this improves the quality of any decisions made and promotes understanding and knowledge.

It should be noted that each member organisation is keeping its local union representatives informed of any developments concerning the consortium.

The consortium remains willing and committed to meeting with the relevant unions as part of efforts to engage fully with staff and representatives.

Will trusts engage with staff?

Each trust welcomes, and is committed to, constructive engagement with staff and representatives. Any amendments to terms and conditions must be properly and formally consulted on, and each trust will seek to work closely with staff and representatives should this be necessary. It is important to reiterate that no proposals have been put forward or decisions made.

Prior to any consultation that may arise, each trust – recognising the anxiety some of the reporting of the work of the consortium may have created – has undertaken to provide staff with regular updates on the work of the consortium, through documents like this FAQs, staff briefings by senior managers and newsletter or bulletin updates.

If a trust is interested in any of the recommendations by the consortium to consider varying a staff group's terms and conditions, a formal consultation process will begin whilst these considerations are at a formative stage and before any decisions are made – engaging with staff is an essential part of this process.

We welcome thoughts and ideas from staff, through their employer or union representative, on any proposals they feel may support financially sustainable organisations.

Can trusts implement changes without talking to staff?

No. Each trust must consult with staff-side and staff on any proposals that involve their pay, terms and conditions.

The consortium says that by examining pay, terms and conditions, 6,000 NHS jobs in the south west can be safeguarded over the next three years. Does this mean that 6,000 jobs are currently at risk in the region?

No. This example was used to help illustrate and quantify the scale of the challenge facing member trusts in the south west. In light of these challenges, and without exploring innovative ways of reducing expenditure, for example changes to the current pay, terms and conditions frameworks, employers may have little option, in addition to other cost improvement schemes, than to consider reductions in the workforce.

By supporting sustainable organisations, member trusts will be in a much stronger place to protect jobs and patient services.

Is this review connected with the current national proposal on pension reform?

No. There is no direct relationship, and the consortium is not looking at pension changes. However, there are inevitably connections between pay, terms and conditions and pensions.

I've heard that some parts of the public sector are looking at changing pay to reflect where staff live – is the consortium looking at proposing this?

No. The Government announced in the Budget earlier in the year that it was asking the pay review body to consider how the national public sector pay systems could better take account of local and regional labour market pressures. The suggestion was that this would allow the national pay systems to pay more to staff working in those areas where the cost of living is higher and certain skills are in high demand.

The consortium's review of pay, terms and conditions is entirely separate to this national review.

What is the difference between a consortium and a 'cartel', as I have heard the south west pay terms and condition consortium referred to as?

It is inaccurate to refer to the consortium as a 'cartel'.

According to dictionaries, a consortium is a group of organisations working together towards a common aim. A cartel is a group of organisations who join together in order to manipulate a market, for example by controlling prices or limiting competition.

The consortium is solely motivated by the desire to provide the best services for patients, promote job security and offer rewarding careers, whilst living within available resources.

Each trust has paid £10,000 to join the consortium – what will this be used for?

In order to secure professional advice, for example legal support that is not readily available in the NHS, each member of the consortium has agreed to contribute £10,000 towards the project's costs. This will also cover the appointment of an external advisor and project manager, as well as administration. It is important that this programme of work is appropriately resourced and has access to expert opinion and guidance. By working together in this way, this project can be run far more efficiently and at a lower cost than by twenty organisations working separately on their own.

Who has joined the consortium?

The consortium now comprises 20 NHS trusts from the south west:

- Poole Hospital NHS Foundation Trust
- Dorset County Hospital NHS Foundation Trust
- The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust
- Gloucester Hospitals NHS Foundation Trust
- Great Western Hospitals NHS Foundation Trust
- North Bristol NHS Trust
- Northern Devon Healthcare NHS Trust
- Plymouth Hospitals NHS Trust
- Royal Cornwall Hospitals Trust
- Royal Devon and Exeter NHS Foundation Trust
- Royal United Hospital Bath NHS Trust
- Salisbury NHS Foundation Trust
- Taunton and Somerset NHS Foundation Trust
- University Hospitals Bristol NHS Foundation Trust
- Weston Area Health NHS Foundation Trust
- Yeovil District Hospital NHS Foundation Trust
- 2gether NHS Foundation Trust
- Devon Partnership NHS Trust
- Somerset Partnership NHS Foundation Trust
- Dorset HealthCare NHS Foundation Trust