The case against a local and regional approach to pay, terms and conditions in the NHS

The BMA is opposed to any moves way from national terms and conditions of service for NHS staff. Such moves would have a significant negative impact on the NHS, staff and patients.

A national approach to contract negotiations for NHS staff is both efficient and fair. Any move to local and regional bargaining on pay and other terms and conditions of service (T and Cs) will lead to:

- the shared values and culture of the NHS being undermined
- additional costs through inefficient use of resources
- a demoralised workforce
- recruitment and retention problems
- over-complexity and inefficiency in the NHS labour market
- a reduction in service to patients

Furthermore, this issue is a costly and time consuming distraction from serious attempts to address the huge financial challenges facing the NHS. Rather than focusing resources on short-term measures that will incur additional costs and demoralise the NHS workforce, the emphasis should be on allowing staff and managers to work together on initiatives to improve quality and efficiency of service to patients.

Background

National pay, T and Cs in the NHS

Historically, the NHS' approach to determining pay and other T and Cs has been through regular national negotiations between Government, NHS management and the trade unions. Most recently, national contracts have been negotiated for the various components of the medical and dental workforce, whilst Agenda for Change is the national contract for most non-medical and dental NHS staff. Agenda for Change is the current NHS grading and pay system for all NHS staff, with the exception of doctors, dentists and very senior managers.

The benefits of a national system are clearly outlined in the Handbook to the NHS Constitution for England:

National pay policy for the NHS is designed to provide fair, affordable pay in order to recruit, retain and motivate staff for the benefit of patients and to provide value for money for taxpayers. It also provides a range of flexibilities, such as the opportunity for recruitment and retention premia, to ensure that individual employers have the ability to respond effectively to local circumstances, while retaining a consistent national pay framework that is transparent and ensures equal pay for work of equal value.

However, in the Chancellor's Autumn Statement in November 2011, it was announced that the independent Pay Review Bodies would be asked to consider how public sector pay can be made more responsive to local labour markets. In the health sector this included Agenda for Change staff but not doctors and dentists.

Developments in south west England

In summer 2012, 20 NHS trusts in south west England established themselves as the South West Pay, Terms and Conditions Consortium.

The trusts involved in the consortium are:

- Dorset County Hospital NHS Foundation Trust
- Poole 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
- North 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

The consortium is looking to break away from national pay, T and Cs with a view to making substantial savings in order to meet the 'Nicholson Challenge'' of saving the NHS £20 billion by 2015.

The consortium's discussion document Addressing Pay, Terms and Conditions makes it clear that all staff, including medical and dental, are included in the scope of its work.

Proposals include:

- A 5% pay cut for staff earning over £55,000
- Increasing working hours and reducing annual leave
- A 'last resort' of terminating existing contracts and re-employing staff under new terms
- For senior hospital doctors, a reduction in Supporting Professional Activities - protected time to work on non-clinical activities that deliver improvements to quality and efficiency.

The consortium acknowledges that national negotiations are taking place for Agenda for Change staff but claims that progress is too slow, and there is no option but to look at making changes locally or regionally. The consortium will not be producing its business case for its proposals until the beginning of October and it is proposed that discussions in individual trusts will continue until end of 2012 and beyond.

The implications of these developments are considerable, as other regions across England could follow a similar path if definite moves are made to adopt local and regional pay and other T and Cs in the south west.

In August 2012, the BMA and other health unions, including the Royal College of Nursing and UNISON, refused to recognise the consortium, making clear that any talks on the pay and T and Cs for their members should continue under the recognised and well established national machinery.

Why a local and regional approach to pay and T and Cs in the NHS would waste resources

It would be inefficient

- The well-established machinery for national bargaining in the NHS ensures an efficient and cost-effective approach to negotiations on pay and T and Cs
- A model where different parts of the NHS negotiated separately would be wasteful, with duplication of effort, more bureaucracy and greater inefficiency

It would undermine the shared ethos of the NHS

- Staff on different pay and T and Cs in different geographical areas would no longer have the same sense of working for the a singe, integrated service
- It would be unfair and inequitable that staff doing the same job as colleagues elsewhere in the country should be paid less or have different terms of service
- It would be another step towards the fragmentation of the shared values and culture of the NHS, which is already under attack from wider changes to the NHS which seeks to increase the use of 'market forces'

It is short-sighted and undermines the benefits of clinical leadership

- What the consortium is proposing is very short-sighted. For example – one possibility that has been raised is a cut to consultants' Supporting Professional Activities –specially funded time they can devote to initiatives to improve quality. The projects that consultants work on in this time frequently improve productivity and save the NHS money

It could create local recruitment and retention problems

- Regional pay differences could result in migration of doctors to other areas with better pay offers
- Demoralised staff may also choose to leave the NHS or retire early, which would compound local retention difficulties and impact on patient services
- Regional pay will cause additional problems for juniors doctors who during the start of their career rotate regularly between different posts across geographical boundaries – if pay, terms and conditions vary greatly, it will cause unnecessary uncertainty and confusion, and potentially undermine their training
- Hospitals everywhere should be able to recruit and retain high-calibre staff. In a model where pay varies between regions, there is a risk that employers in

some areas would not be able to compete for staff on a level playing field with centres of excellence in big cities because these centres could offer more attractive remuneration. There could well be an impact on patient services if high-calibre staff could not be recruited or retained.

It would demoralise staff and lead to more industrial unrest

- Staff detrimentally affected by any imposed changes to national pay and T and Cs will be angered and demoralised, particularly after recent changes to the NHS pension scheme
- This could lead to a prolonged period of poor industrial relations, which would be a further distraction from the challenges of improving the delivery of care in a context of increasing restrictions on resources

It is unevidenced

- There is no clear evidence that introducing regional pay and T and Cs in the public sector would deliver greater efficiency or long-term savings. Indeed, the £200,000 already spent by the 20 Trusts on setting up the consortium could have been better spent on improving patient services

It could increase regional variations in clinical quality

- Many elements of national contracts for doctors were put in place with clinical quality in mind. Moving away from national contracts could risk greater variations in clinical quality for patients

There could be an impact on local economies beyond the NHS

- Worsening terms and conditions for healthcare staff could have an impact not just on the NHS, but on local economies more widely.