

REMUNERATION

A step closer to regional NHS pay

A pay 'cartel' in the south west of England could pave the way for widespread regional pay, writes **Joe Lepper**

In autumn 2011, chancellor George Osborne called for pay review bodies to consider market-facing local pay across the public sector, signalling the government's aim to move away from national pay, terms and conditions.

The recommendation (which, for the NHS, would mean the loss of the Agenda for Change (AfC) framework) has faced fierce opposition from health unions. They warn regional pay deals will cause front-line staff to leave, ultimately harming patient care.

Gaining momentum

Since then, the move towards regional pay has been gaining momentum: later this year, the boards of 20 NHS trusts across south west England will vote on introducing local pay and conditions for staff. These would include reduced sick leave and holiday entitlement, as well as performance-related pay.

Documents published by the South West Pay, Terms and Conditions Consortium, which is representing the trusts (and has been branded a 'cartel' by health unions), make clear that should staff not agree to the new terms (likely to be less favourable than those currently recommended under AfC), they could be dismissed, then re-employed under the new conditions.

If the trusts achieve their aim, other NHS organisations could follow suit, a spokesman for the consortium indicates. 'Already we are getting a lot of enquires from other trusts around the country with an interest in what we are looking to achieve,' he attests.

Earlier this month, right-wing think tank Policy Exchange published *Local Pay, Local Growth*. This report outlines the business case for local pay negotiations across the public sector, arguing that nationally-agreed pay structures, such as AfC, fail to take into account differences in living costs across England. For example, the cost of living for a nurse based in East Anglia (living



Ministers would like to see market-facing local pay across the public sector

with a partner and two children in a three-bed house) is 10 per cent higher than for a nurse in the same circumstances in north east England; under AfC, their pay is the same.

A 'rebalancing of the pay and pensions' of public sector staff in line with private sector workers would save UK taxpayers £6.3bn and create 288,000 private sector jobs, the report claims. It argues for performance-related pay across the public sector.

Matt Oakley, report author and head of economics and social policy at Policy Exchange, explains: 'Localising pay is not just about addressing regional pay differences, it is about

improving performance and using pay as a motivator. We know that in the public sector, there are other motivating factors for why people do the job, but poor performance needs to be addressed.'

But he adds that regional, or zonal, pay structures would create local anomalies. 'There is a big difference between the cost of living for someone in Bristol and someone in Cornwall,' he says.

Cynical attack on nurses

The RCN is adamant national pay bargaining offers the best deal for the NHS, nurses and taxpayers. RCN England director Tom Sand-

ford says: 'The RCN utterly rejects the notion that moving to local pay in the NHS would somehow save the economy. There is no evidence that, if the NHS cuts nurses' pay, the private sector would automatically create other jobs. These proposals would just entrench low pay in the most economically deprived areas.'

'Nurses are in the middle of a two-year pay freeze, facing an attack on their pensions, and suffering huge pressures at work because of cuts to jobs and services. This is a cynical attack on hard working nurses, targeting some of our most important public sector workers to solve a crisis which was not of their making.'

NHS Employers director of employment relations Gill Bellord would like to retain a nationally-agreed pay structure, but with 'greater flexibility' to allow employers' to 'deliver best value.' She calls on unions and trusts to work closely to address financial challenges facing the NHS. For Unite's south west regional officer Dorothy Fogg, this should comprise trusts lobbying central government for increased NHS spending, rather than developing local pay plans.

'Trusts do not have enough money, not because the wage bill is high but because the government is not giving them enough,' she says. 'Employers need to stop being so spineless and go to the government as one and say we need more money.'

Meanwhile, RCN south west regional officer Helen Hancox urges trusts to consider efficiency savings via joint commissioning. She argues performance-related pay is unlikely to work within the NHS, where nurses are already giving their all.

'I was at a recent branch meeting in Devon where 100 members came and very eloquently said that they worked their socks off already, they can't perform any better.'

● See news story, page 3

● **What do you think?** Email your views to IN@markallengroup.com

Regional pay timeline

Autumn 2011 Chancellor George Osborne announces a review of regional pay structures across the public sector, including the NHS.

May 2012 The South West Pay, Terms and Conditions Consortium publishes plans by 20 health trusts to bring in local contracts. Options include linking performance to pay, cutting annual leave/sick pay and dismissing and re-employing staff who do not agree to new terms.

July 2012 The public sector's independent pay review bodies

report back to the chancellor on ways to make pay more responsive to local labour markets.

August 2012 10,000 RCN members write to their MPs urging them to reject regional pay and lobby the DH on the issue.

Late 2012 The chancellor is due to publish his findings. Boards of the 20 health trusts that have formed the South West Pay, Terms and Conditions Consortium will vote on whether to push ahead with local pay plans.