

Health and Social Care Committee

Oral evidence: NHS Pay Review Body, HC 1100

Tuesday 31 January 2023

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Members present: Steve Brine (Chair); Lucy Allan; Paul Blomfield; Paul Bristow; Chris Green; Mrs Paulette Hamilton; Dr Caroline Johnson; Rachael Maskell; James Morris; Taiwo Owatemi.

Questions 1 - 65

Witnesses

I: Philippa Hird, Chair, NHS Pay Review Body; and David Fry, Director of the Office of Manpower Economics, Department for Business, Energy and Industrial Strategy.



Examination of witnesses

Witnesses: Philippa Hird and David Fry.

Chair: Good morning. This is the Health and Social Care Committee. Today is another of our topical—very topical—sessions on health and social care matters. We have the NHS pay review body in to see us. I will introduce our guests in one moment.

To be clear, the role of the NHS pay review body is to make recommendations to the Prime Minister and the Secretary of State for Health and Social Care in England, the First Minister in Scotland, the First Minister in Wales and the Minister of Health in Northern Ireland on all staff under the Agenda for Change programme and employed in the NHS. There is a separate pay review body that looks at doctors and dentists. I just wanted to make it clear to those watching that that is what the NHS PRB is about. Obviously, there are wider issues in workforce at the moment across the NHS. They are not all the responsibility of our guests today.

Before we introduce them, one of our members, Rachael Maskell, wants to put a declaration on the record.

Rachael Maskell: I am a member of Unite the union and the GMB. I was formerly head of health at Unite and have submitted evidence, including oral evidence, to the NHS pay review body.

Q1 **Chair:** We have with us Philippa Hird, who is chair of the NHS pay review body, and David Fry, who is the director of the Office of Manpower Economics at the Department for Business, Energy and Industrial Strategy. Thank you both so much for making time to come in to speak to the Select Committee this morning. I know that there is a lot of interest in this session outside and inside Parliament, so we really appreciate your time.

Philippa, I will start with you, as chair. What do you think is the greatest misunderstanding about the NHS pay review body? Is it about its independence? Is it about what it can and cannot do? What is the greatest misunderstanding?

Philippa Hird: Before I dive into that, it is worth giving a couple of sentences of context. I am here on behalf of the pay review body. I hope that the session is useful to the Committee. You will be aware that this is my last of six years as chair of the pay review body. In the first three years, our reports focused on commentary on a three-year deal that was made between the parties. We returned to making recommendations in 2021 and 2022. We are currently in the process of our work for a report for 2023. That is probably helpful context.

Chair: Very much so.

Philippa Hird: As you said, we have remits from the UK Government in respect of the NHS in England and from Wales and Northern Ireland.



We do three things. We produce a body of evidence—a curated body that is useful over time—that details a full range of analysis of the NHS workforce, particularly as regards pay, but all the factors that relate to pay. We make recommendations in any one specific year about an award in that year. We also do our best to inform Government thinking about pay and the case for investment in pay in the longer term. It is probably important for us that those three quite separate things are well understood.

Q2 Chair: You have probably heard your name and organisation being quoted, talked about and discussed on the media a lot over the Christmas and new year holiday period in particular, and since. I am sure that you have had many phone calls asking you to take part in that discussion. What have you heard on the radio and in discussion about the NHS pay review body where you have thought, “No, I’m sorry. That’s just plain wrong”?

Philippa Hird: We set out our recommendations in quite a lot of detail—huge detail, actually—in our report. There are obviously occasions when I think, “I wonder if you’ve read the report.” One of my wishes over the last couple of months is that the people making the commentary had read the report.

Q3 Chair: Interesting. For the record, I have read your last report. It is 188 pages.

Philippa Hird: Yes. We really aim to please.

Q4 Chair: I have made the case to many journalists over the last few months, saying, “Have you?” They never quite answer.

As a follow-up, given that the joint NHS trade unions have written to the Secretary of State and to you in the last few weeks, just ahead of the deadline for submission of evidence to this year’s round, to say that, basically, they are boycotting this year’s pay review, we have a major problem, don’t we?

Philippa Hird: The staff side have said they are not taking part. Very helpfully, they have put a significant amount of material into the public domain, on which we will be able to draw. Some unions are taking part.

Q5 Chair: Okay. Who is taking part?

Philippa Hird: Those unions have chosen not to put the evidence into the public domain yet, but we have had evidence from some unions.

There is another way in which we listen to the voice of staff. You will be aware that one of the things we do is visit a wide range of NHS settings—acute and community settings. We visit in Northern Ireland, Wales and England. On each visit, we talk to staff at every level of the organisation. We have small focus groups, clinical and non-clinical staff, at all pay bands, so we have in-depth discussions with staff. They tell us how they



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feel about their work and their pay, so we get a fair amount of good-quality input from staff.

Q6 **Chair:** You get the wider context.

Philippa Hird: Yes.

Q7 **Chair:** A lot of the people we have heard talking about the industrial action over recent weeks have said, "Yes, it's about pay, but it's much wider than that." You get that context.

At the outset, I spoke about the doctors and the dentists, which is important context for viewers. The junior doctors are currently awaiting the outcome of their ballot. You are not responsible for their pay award, but do you talk to them? Obviously, they are part of the health economy in a hospital when you visit it. Therefore, they will have a view on the Agenda for Change pay rates and how those impact on their ability to do their job.

Philippa Hird: You will be aware that doctors and dentists and the NHS Agenda for Change pay spine are handled quite separately, and we do not talk to doctors. We talk to the senior leadership team in each of the hospitals and healthcare settings we go to because we want to understand their view about recruitment and retention, motivation and morale, and what is happening to their staff. You are right. Staff tell us about a broad range of challenges, but our job is pay, so we try to focus the conversation on that.

Chair: We will come back to some of those points later. We will go around the table, if that is okay. First up is Paul Blomfield.

Q8 **Paul Blomfield:** Thank you very much for spending time with us this morning. Everybody recognises what a challenging job you have. I guess part of that challenge is how you balance the different considerations that you are charged with bearing in mind. Clearly, there are several. I will take three: recruitment and retention; the funds available; and the Government's inflation target. Squaring that circle in reaching a recommendation sounds pretty impossible, in many ways. How do you balance those different objectives?

Philippa Hird: It might be helpful for me to talk a little about the process by which we do that. We do not do it in just one conversation. The whole process is about balancing those objectives. Would it be worth my doing that?

I have talked about our visits. It starts with the visits, which are usually in late summer and autumn of the year. We have just finished our visits for this year. Then we tend to get a remit letter. It is worth talking a little about the timing of the remit letters, if I can, but maybe we can come to that later. This year the remit letter came in late November.

At that point, we make requests for evidence from the parties to our report: the Government, the employers and the staff side. We also start



collecting our own evidence. We look very widely at all the commentators. We look for our own economic evidence. That evidence comes in over a period of a few weeks. We do what we can ahead of the remit letter to socialise what we are going to need so that people are prepared to give us what we need. We then assess that evidence together. We all work together. You are right; it is very difficult to find an answer that comfortably reconciles some very difficult things.

We then have a process of oral evidence. Rachael may have been to oral evidence sessions. That is our opportunity to talk in detail about some elements of the evidence. By that point, usually the parties have seen one another's evidence. They may have views on one another's evidence, so the process goes into some detail. At that point, sometimes we have specific questions that we decide we want to ask all parties in the same way. Last year, for example, we asked about the bottom of pay band 2 and national living wage considerations, as a question for all parties, because we felt it was an area for development.

When we have completed all that and have a lot of data and evidence, we work to develop the key themes—the key things that we think impact on the report. We aim to reach consensus on the three things we do: the data and the complete data picture about a number, and the other considerations that we think are important in the medium term. That is the process by which we do it.

Q9 Paul Blomfield: Thanks very much for that. I guess that it is about understanding how that works in finessing the judgments and how far the Government, as a critical stakeholder in the entire process, shape thinking. I am minded to reference the letter that you got from the then Secretary of State kicking off the 2022-23 pay round, in which he said, "it is vital that planned workforce growth is affordable and within the budgets set." In his third paragraph, he went on to emphasise, "We must ensure...the affordability of a pay award." That is a pretty clear steer, isn't it? How do you respond to that?

Philippa Hird: It is one of our considerations. You will be aware that in the two recommendations that we have done recently we recommended more than the Government said they could afford. In 2020, they said that they could afford 1%, and we recommended 3%. In 2022, they said that they could afford 2% but had set aside another 1% of the contingency, and we recommended 4.8%. It is an important consideration, but there are others that balance it. We set out very clearly our real concerns about recruitment and retention, which we felt were a real counter to the affordability line.

Q10 Chair: Of course, it is worth saying that the Government can accept your report in full without funding it in full. They could accept your recommendation and say to the Department, "We accept it in full, but you have to fund it from existing budgets."

Philippa Hird: Which is indeed what happened this year.



Chair: Exactly.

Q11 **Paul Bristow:** Can I ask you a little about what some people have said about your role and what you do? Sharon Graham, the general secretary of Unite, said that your processes have degenerated into farce, that you are “long past” your “sell-by date” and that you are “a willing partner in working to the Government’s pay cuts agenda”. Do you think that is fair?

Philippa Hird: I am going to turn to David. It is probably right that the person who looks at all the pay review bodies comments on issues of independence.

David Fry: Thank you, Philippa. I am the director of the OME. We provide the secretariat for the eight public sector pay review bodies. That includes the nurses, along with other groups such as teachers and the armed forces. Together, the pay review bodies influence the pay of about 2.2 million public sector workers, which is about 45% of the public sector.

The review bodies have been around for quite a while. The last NHS report was the 35th report. The review bodies have endured over time. Different ones have been created by different Governments, the most recent being the police pay review body, which was created in 2014. My sense is that they must be doing something right and helping things to work forward.

Q12 **Paul Bristow:** You would not say that it is fair to say that you are “a willing partner in working to the Government’s pay cuts agenda”.

David Fry: I was going to say that the review body is in the tricky position of being between the unions and Government, but the members of the review body are all appointed independently.

Q13 **Paul Bristow:** So it is not fair.

David Fry: The different parties will have their views and will say them. As the Chair said, over Christmas we saw lots of views.

Q14 **Paul Bristow:** I won’t embarrass you any more by repeating my question about whether it is fair, but I think we pretty much know that it is not fair.

I want to talk a little about your career, Ms Hird. You are the chair and the pro chancellor of the University of Manchester. You are a senior independent director and remuneration committee chair of Ordnance Survey, a non-executive director of UK Strategy Command and an independent member of the remuneration committee of St Edmund’s College, Cambridge. There were a lot of instances of the word “independent” there. When people claim that your processes are “rigged” and that the “idea that it is independent is farcical”, what do you say to that? That was said by Andy Prendergast of the GMB.



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Philippa Hird: I think quite a lot about the issue of independence and how you make it happen. I wonder whether it would be helpful for me to talk about that.

Q15 **Paul Bristow:** Yes, it would be very helpful.

Philippa Hird: One of the ways in which you are independent is that you are not part of the organisation. We are not part of any of the organisations involved, so we are technically independent.

The other way in which you are independent—one of the things I think about a lot in relation to independence—is that you have to take information from a very broad range of sources. Some people see independence as completely apart from something, but you have to know and understand something in order to make judgments about it. One of the reasons that you have term limits, for example, is that if you spend too long with something you get to know it too well and you cannot be independent from it, but you have to know it fairly well. One of the ways in which we are independent is that we take seriously, and take very seriously, evidence from all the parties involved. We also choose to get evidence from a wide range of other, independent sources. We get economic evidence and evidence from think-tanks, and we look at all that evidence with care and thoughtfulness. We look at it together, so we have different perspectives on it. The third way in which you exercise independence is by making decisions.

Q16 **Paul Bristow:** This is my last question. Can you confirm that you are operating to the same terms and conditions that were set in 2007, when the body was set up? Would you like to comment on the fact that you were called “human shields” by the TUC’s Paul Nowak?

Philippa Hird: In 2007?

Q17 **Paul Bristow:** Do you operate to the same terms and conditions now that you had in 2007? I want to make sure that that is confirmed because that is what I picked up today in the notes. Are you operating to the same terms and conditions that were set in 2007?

Philippa Hird: Do you mean terms of reference?

Q18 **Paul Bristow:** Yes, terms of reference. Forgive me.

Philippa Hird: David, do you want to comment on the terms of reference? They apply to most of the pay review bodies in a similar way.

David Fry: Broadly, the same terms of reference have been operating since that time. Each year there is also a remit.

To come back to your point about independence, all the members of the review body are appointed through an open and transparent process and are overseen by the public appointments committee. They are all appointed because of their background. They are not representing a trade union, for example. We have a member with that background on the



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body. We have members from all different groups, but they do not represent those particular groups.

Chair: Very interesting. You are acutely aware of how political a position you find yourself in, even though, clearly, neither of you is political. You have one of the most important jobs in the country right now, which is why there is so much interest in this. Some of the quotes that my colleague has just read out are pretty harsh, aren't they? It is pretty horrible and harsh to say that you are effectively Tory stooges, just doing the Government's bidding. It must be quite annoying, considering that you are somebody of independent stature, with a very impressive CV and work that you have done and continue to do.

Philippa Hird: It is an odd thing, isn't it? This is going to sound a bit folksy, but we have a privilege in having all this information, pulling it together and then laying it before Parliament in a completely open way. We really do show our working out in some detail, as you say. Obviously, we are now in the process for 2023. What we have tried to do in this process is just to do what we do—to carry on with assessing the evidence and listening to staff in trusts, which is what we have been doing over the last few months, and to keep focused on the work.

Chair: That is fascinating. Maybe some of the camera crews who spend a lot of time in emergency departments should spend some time following you. Don't answer that. James Morris has a quick question.

Q19 **James Morris:** I think that I heard you say that one of the processes you go through is seeking consensus on the judgment you have come to on pay. How do you go about trying to get consensus?

Philippa Hird: With the eight pay review body members?

James Morris: Yes.

Philippa Hird: We work together very carefully at every stage. We read all the papers together; there are thousands of pages of papers. We interview everyone together. At key stages, we check understanding. How does everyone feel about this? What are people's concerns? Where are the key areas that we need to develop further?

When we get to the stage when we have finished taking oral evidence, we assemble all the evidence in one place, because that goes into the report in a reasonably coherent form. Then we work on the themes together, as I said. By the time we get to make our recommendations, we have developed a collective view on the various issues.

We then have a process of coming to the same view on key issues such as the number and the issues on which we think that there needs to be more developed work. You will be aware that two years ago and last year we asked for a review of the banding of nurses and midwives because we were concerned that it is a very long time since that banding was set. In the interim, nursing has become a graduate profession. We were



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concerned that it was a long time since anyone had looked at whether the banding accurately reflected the complexities of the job as it is done today. That is the kind of thing that emerges as we develop our consensus.

Q20 **Chair:** Further to Mr Morris's point about consensus, are you like the Bank of England in that you have a decision to make as a group and you then vote and publish where the balance was within the group, or do you exercise collective responsibility?

Philippa Hird: We come to a decision together. We do not vote.

Q21 **Chair:** Do you show your workings out in terms of how people dissented or otherwise, or is it like Cabinet and in 30 years' time we will find out?

Philippa Hird: We come to a consensus. We come to a collective view, or we have done. I cannot speak for other pay review bodies, but that is what we do.

Chair: And you do not leak. Interesting.

Q22 **Lucy Allan:** Good morning. Are you still working towards an April 2023 deadline, as set out in the remit?

Philippa Hird: Yes.

Q23 **Lucy Allan:** Have the Government provided you with the evidence that you need yet?

Philippa Hird: No.

Q24 **Lucy Allan:** How is that going to impact on your process? Will it delay your findings?

Philippa Hird: I will definitely come back to the question, but I wonder whether this is a good moment to talk about timing. You will have seen in the 2021 report and the 2022 report that we set out our concerns about the timing of the process as it has evolved. Traditional practice was that the pay review body would get a remit letter in September, which allowed us to do our work so that we could report in the early part of the year. That had two benefits. First, it meant that Agenda for Change staff got their pay award when it was due, on 1 April, or that there was an opportunity to do that. Secondly, it meant that our findings could influence budget setting and thinking about the balance of investment in pay versus other things you might invest in, such as infrastructure and technology.

In the last two years, our remit letter has come in at the end of November, which sets us back a long way and means that it is impossible for us to report in time for any award due to be paid on 1 April and for any information that we give to inform Ministers as they plan their budgets. It is a specific time concern that we have set out for two years running. I hope that, going forward, we can bring that timetable forward.



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Q25 **Lucy Allan:** The Government's input was due to be submitted on 11 January.

Philippa Hird: The Government's evidence was due on 11 January. A few days before that, I wrote to the Minister to reiterate the importance of the deadline. He wrote back straightaway confirming that he understood the importance of the deadline.

We had some really timely evidence this year, pretty much by the deadline. We have been working with the evidence that we have. Oral evidence starts next week. It is not unusual for evidence to come late. As I said, this year it has been very timely. In previous years, we have expressed in our report a number of times real gratitude to parties who have been very flexible about timing so that we have been able to absorb some evidence that was late. We are carrying on working with our current timetable. At the moment, we are not planning to put anything back.

Q26 **Lucy Allan:** You will be ready to report in April 2023.

Philippa Hird: We aim to report by the end of April 2023.

Q27 **Lucy Allan:** It is February tomorrow. If the Government do not provide the relevant evidence, surely it will impact on your process.

Philippa Hird: I am still expecting evidence from the Government. If it does not come, we will cross that bridge when we come to it.

Q28 **Lucy Allan:** I have one further question. Is it realistic for the Government to expect the PRB to take account of wider economic circumstances, such as inflation? Do you have the expertise within the organisation to be able to factor that into your deliberations?

Philippa Hird: We have two economists who are pay review body members. One is a labour market economist. Another is a very experienced general economist. They make a very substantial contribution to our work.

Q29 **Chair:** I saw in the notes beforehand that the Government had not responded by the time of this session—21 days after the deadline when it was due. I am astonished that you have been able to confirm that today. They have spent all the holiday season—since the remit letter, effectively—standing behind the pay review body but have then not responded to it by the date you asked for.

You say, "We hope to hear from the Government," but you do not have to hear from the Government, do you? They do not have to respond to you. This must be intolerable. What would be your message to the Secretary of State? I assure you we will be asking him about it this afternoon. To get his skates on, I presume.

Philippa Hird: We are carrying on with our work. I have already written to the Minister to express my concerns about the deadline. We are



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carrying on doing what we do. We are being as flexible as we can to make sure that we get our report done on time.

Q30 **Chair:** It is like saying that we are making chocolate without cocoa beans, isn't it? You have a big gap.

Philippa Hird: I am expecting to get evidence from the Government. We have had Treasury evidence.

Q31 **Chair:** You have had Treasury evidence.

Philippa Hird: Yes. All the pay review bodies have had Treasury evidence. It is not that we have no evidence from the Government. We just do not have evidence from the Department of Health.

Chair: We will take it up.

Q32 **Rachael Maskell:** Clearly, the Department provides information on some of the challenges facing the NHS at this time. It is fair to say that, with the recruitment and retention issues and the issues of motivating staff, which is one of the matters the pay review body has to look at, this is the most challenged time since Agenda for Change was put in place. Do you have the balances right when you see NHS staff say that they cannot maintain their services because of the retention issues, and there are recruitment challenges and morale is at an all-time low?

Philippa Hird: It is a difficult balance. You will see that we set out our concerns about recruitment and retention in the report. You will also see that we said that we would be prepared at any time to look at recruitment and retention premia in the event that the situation worsened. It is a difficult balance.

Q33 **Rachael Maskell:** We have the most volatile economic time as well. Just looking at the 2022-23 year report, thinking about the remit letter coming out in November, and since we have since experienced energy prices rising, inflation going into double digits and the cost of commodities also rising sharply, do you think that the time lag has had an impact on why there is currently a dispute over pay? That is a time lag to your point of reporting and clearly the situation we are in now.

Philippa Hird: We were very concerned about inflation, for obvious reasons, when we were doing our last report. We had a remit for reporting in that year, but our concerns about inflation, together with other issues, significantly influenced our decision to recommend a flat-cash award last year so that those on the lower pay points would have more resilience in relation to inflation. We were particularly concerned about the inflation impact on those on the lower pay points, so that is why we focused the recommendation on those areas.

We now have a recommendation to prepare for this year. In doing that, we will look at what has happened to pay from all kinds of employers in the intervening time.



Q34 **Rachael Maskell:** In the light of the fact that in the last 13 years there has been significant regression in pay for NHS professionals across the board, with nurses saying that they were initially seeking 19% for resolution of the current dispute, and given that we know that across the board there has been a significant loss in the real value of those jobs, how do you look at historic loss in comparison with the rest of the economy, and whether or not the remit letter is restraining your opportunity to address that disparity, particularly noting that it has now led to a significant cumulation which has brought about the ongoing dispute?

Philippa Hird: As I said, we are asked to make a recommendation in any one year. There are a number of considerations that we have to work with. What we try to do is inform longer-term thinking in Government about the investment in pay and the case for that, hence concerns about nurses' pay, for example.

There have been investments in the Agenda for Change pay spine over the last six years in particular. You will be aware that the three-year deal put above-inflation investment into the Agenda for Change pay spine over three years. We also did that in 2021. For the reasons we have talked about, we recommended a flat-cash award, again significantly related to inflation levels and our concerns about those, in 2022. There has been some ground made up, but more recently it has become more challenged.

Q35 **Rachael Maskell:** As a pay review body, you are clearly handed a remit letter that has real significance about the scope of what you can recommend. Do you believe that you are restrained in the recommendation that you would want to provide because of that remit letter? In some ways, you are handed the envelope and asked to sort out the distribution, but you do not have sufficient scope to speak about the real economic benefits that we could bring to the wider NHS and the wider economy if we could perhaps not have that cap being placed on you. To make that form of recommendation could be a way of looking at how you could address the real loss of value in the pay that NHS staff receive.

Philippa Hird: I will answer that in two parts. First, we obviously did not see it as an absolute constraint because we recommended more than the Government said they could afford. That was for reasons we gave.

We try to set out the case for investment in pay and we will continue to do that. There is a constraint created by the amount of money that the Government say they have available, but we set the other considerations alongside that and, in the last two years, have recommended more than the Government say they have available.

Q36 **Rachael Maskell:** Would you acknowledge, however, that that simply has not been enough in the light of the recruitment, retention and low morale that we now see displayed and that, if urgent intervention is not



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made in this coming process, we could be in an even more challenged place in the NHS with regards to recruitment and retention than we have been up to this point, where we have over 133,500 vacancies?

Philippa Hird: This will sound slightly annoying, but I am not going to comment on what our recommendations are going to be this year.

Q37 **Mrs Hamilton:** Good morning, Philippa. Looking through the notes, I saw a little bit about the Nuffield Trust. In a blog they set out recommendations for how the pay review could improve. They went on to say that the pay review body needed to be more explicit. It gave 11 recommendations, but it also said the pay review body needed to be more explicit if you had any affordability envelope restrictions. With that in mind, is there anything that the NHS pay review body can do to strengthen its independence from Government?

Philippa Hird: I have read the same Nuffield report. It has only just come out, and I have not had a chance to talk about it with the pay review body members, so I cannot comment widely. Interestingly, they pick up the timing point that we discussed earlier, which is an issue that I have talked to members about.

David, would you mind picking up the Nuffield thing? As I said, we have not had a chance to talk about it as a pay review body.

David Fry: You are right; it is something the review body will have a look at. There are often views about how the review bodies could work and change.

What is interesting is that some of the things they have said should be done are things that are done by the review body; for example, they talk about the review body needing to have access to research. The way it works at the moment is that we have a secretariat, which includes policy analysts, statisticians and economists, that provides advice. During the round, they give advice on things like international recruitment of nurses and comparisons of pay of the NHS with other workers. That is all part of what comes in. Indeed, you can see how the reports explicitly look at how things like the top and the bottom of the nurses' pay scale have fared in comparison with inflation and the like.

Beyond that, if the review body want to do another analysis, OME can commission it on their behalf. We can commission external research. Relatively recently, we have commissioned research on behalf of all the review bodies, looking at apprenticeships and the impact of apprenticeships on recruitment and retention. Apprenticeship is quite important for professions such as the NHS.

Indeed, we have just recently commissioned a project looking at nurse turnover. That is one of the things that the review body does at the moment. We will look at it to see what the report says. Ultimately, it is for Government to look at the terms of reference for the review body. We talked about how the appointment of the review body is independent and



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how its members come from different backgrounds. Many of the things in there are, I think, things that the current review body does, but the timing is the issue, as Philippa mentioned. It is an important thing to help people understand the recommendations.

One of your colleagues mentioned this point earlier. The nearer that recommendations can be made to the time when pay is due, and the Government decide on that and people get the pay in their packet at the time it is due, the better the chance that these things will be accepted by the people getting the pay rises. There are good things in the report to look at.

Q38 **Mrs Hamilton:** This is my second question. I have heard everything you said this morning and I appreciate everything you said, Philippa. My concern is that over a number of years, although there are many people who feed into the pay review body, the Government's voice seems to be the only voice that is truly being heard. Do you feel that the way the pay review body operates is truly open and transparent? Is it truly a fair system for our health workers? Is it outdated?

Philippa Hird: The process that I have talked about and which we go through—to gather evidence from all parties, the way we consider evidence and the way we bring in evidence from other places—feels like a very independent process. We do not agree with the Government on affordability considerations on occasions, and have recommended higher levels because we have not accepted their affordability constraints.

We listen hard to a very wide range of voices. We come up with a body of evidence that informs debate generally. We come up with a number in any one year, and with what I hope are a series of recommendations about investment in pay that are heard.

Q39 **Mrs Hamilton:** I will tell you the reason why I say all of that. I am really not having a go, but Mr Hunt, the Health Secretary who became a member of this Committee, disagreed when you recommended a rise back in 2014—I am desperately trying to find it—and it just did not happen. Even though the Government say you are independent, they put constraints; they set the limits. If they do not agree with it, it does not happen. That is why I am challenging just how independent and transparent this process truly is.

Philippa Hird: We make an independent recommendation, but the Government do not have to accept it. Our recommendation is independent. They do not have to accept it. It is their decision.

David Fry: You are right on that, but since 2010 there has been one recommendation that was turned down by the UK Government. That was in 2014.

Q40 **Chair:** On the principle that advisers advise and Ministers decide, that is consistent.



Philippa Hird: Yes. Our brief is to make a recommendation.

Q41 **Dr Johnson:** I should probably declare an interest in that I work as an NHS doctor. That is assessed by the DDRB, which is not here today, but is one of the independent pay review bodies.

First, I want to clarify a point that Lucy raised. Will the delay in receipt of evidence from the Department of Health mean that your recommendations for the uplift in pay received in April will not be received in April, or will they not be received in April anyway because the process is starting too late, as you described?

Philippa Hird: The process is starting later than previous practice. On the basis of starting at the end of November, we took the view that we could deliver the report by the end of April. We still have not had evidence from the Government. We are still planning to deliver our report by the end of April.

Q42 **Dr Johnson:** That is for pay from the next financial year, isn't it? It is already not going to be received in April's pay rise, as it should be. That means you are already behind the curve. I am not saying it is your fault, but you are already behind the curve.

Philippa Hird: As I said, for us to be able to give the recommendation ahead of the curve we would need to start the process in September.

Q43 **Dr Johnson:** That is very clear; thank you. The other thing I want to ask you about is the Agenda for Change package as a whole. We see on the news the GMB talking about ambulance workers' pay and the RCN talking about nurses' pay as though they were negotiating for all of those groups as separate groups and as though they were paid on different pay scales, but they are not.

As we see, there are challenges in recruitment and retention that differ between the different groups, whether that be ambulance workers, nurses, managers, porters, cleaners or whatever. Are you constrained from making recommendations for specific working groups? Would you be able to give nurses a bit more, or is that not possible within the constraints of your AFC?

Philippa Hird: You are right, In England, there are 1.25 million staff on Agenda for Change, of whom 350,000 are nurses. The other 900,000 are not. There is a mechanism that allows you to recommend recruitment and retention premia within Agenda for Change for specific staff groups. We thought it would be helpful to set out in our 2020 report the considerations we would be looking for to establish recruitment and retention premia, so that you can do that.

Q44 **Dr Johnson:** I have observed over time, working on the wards, that once a nurse becomes a senior nurse working on a ward, it is a hard job and he or she is working long hours; they work at Christmas, on bank holidays and at unsociable times in the week. It can be quite an attractive option to move into a better-paid job in a more managerial or supervisory



role that does not require such antisocial hours. It seemed to me for a long time that it would be better for patient care if we could incentivise nurses who have learnt all those fabulous clinical skills, and who are the nurses the more junior nurses are able to look up to and learn from, to stay working on those wards, with additional money. Is that something you are able to look at, or does the AFC constrain you, in that the managerial work is seen to be worth more because it gets a higher band?

Philippa Hird: What we hear from staff and parties at the moment is a different situation. We hear concerns about progression and about abilities to progress. People are saying that the rewards for progression are insufficient. We cover that in the report.

One of our concerns, when we were thinking about a banding review, is whether the current banding and the way in which the bands work—literally the gaps between the bands—create enough of an incentive or reward for progression.

Q45 **Dr Johnson:** This is the same information really. Is it progression between bands 5, 6 and 7, or is it between bands 7 and 8? It seems that that is the point at which the clinical work largely stops. I could agree that it seems that the rewards for being the nurse in charge of a ward on a night, at 3 o'clock in the morning, perhaps are not as great as they should be in terms of progression. There is then a real incentive to move from that position into a nine to five, Monday-to-Friday, office-based role.

Philippa Hird: That is really interesting. What happens at band 8 is one of the areas where we get very little evidence from the parties. This year we have called for more evidence because we think it is an under-developed area.

Q46 **Dr Johnson:** My other question is about how you measure things over time. I was looking at some of my junior doctor payslips yesterday evening, which made interesting reading. If I was to compare the pay that I received as a junior doctor with the pay that a junior doctor might receive now, I might think I was comparing the same thing. In some respects I am, but in some respects I am not.

At that time, quite a lot of work went into trying to comply with the European working time directive and improve hours. It was not uncommon for me as a junior doctor to work 16 or even 24 hours in a shift, or to work seven consecutive 13-hour night shifts and 21 days in a row, none of which is allowed under the current rota banding. It was common to work more than 58 hours in a week as an average. Now, you cannot work more than 48 hours.

If I compare the pay now with the pay then, I am not comparing the same thing. How do you account for those changes in pay and conditions, when you are looking over time? Those condition changes make working life better, but they also cost the Government, or whoever is paying the bill, a lot of money.



Philippa Hird: The Agenda for Change pay spine has nine bands. Those have points in between them. Jobs are evaluated according to that pay spine. There is a way in which jobs are assessed to look at their size, and then they are put on their various different bandings.

As I said, we have asked for some analysis to be done to check that those are still up to date. Jobs change. They become more complicated, and some become simpler. Things change. What we hear from staff in hospitals, and from the parties, is that generally the feeling is that more work could be done continually to assess whether jobs are banded at the right level. I think that process happens, but generally—I think there would probably be consensus on this—the parties' views are that that work could be done more actively.

Q47 **Dr Johnson:** How do you look at pay over time? I could say that I was paid, say, £30,000 for doing some job that was 58 hours a week, which are arduous hours, but now I would be paid £32,000 a year for doing a job that is 48 hours a week. The numbers are random. Essentially, I have had quite a substantial pay rise in that period because my hourly rate has gone up quite a lot, but the actual headline take-home has not really gone up. How do you look at what is being done for the same amount of money over time, when working conditions have fallen, especially as it makes up quite a big amount of the overall cost?

Philippa Hird: I am not sure whether what you are describing in relation to doctors' pay would also apply for Agenda for Change staff. We tend—

Q48 **Dr Johnson:** You do not look at working conditions or hours as well?

Philippa Hird: We don't look at detailed terms and conditions—hours of work, for example. No one has flagged that as a significant concern. As jobs change, and as they become more or less pressurised, that will be reflected in the way in which individual trusts think about the size of the job. If a job becomes easier to do, less stressful and less technically difficult, over time a trust will decide that it is no longer a band 7 job but a band 6 job, for example. Individual trusts assess the weight of an individual job and put it in a particular banding.

Q49 **Taiwo Owatemi:** Philippa, nothing in this world is perfect. You have been chairing the board for six years. Is there anything in the process that you think needs to be adapted, improved or even just scrapped, in order to make it more efficient and better value for money for both staff and taxpayers?

Philippa Hird: I missed the very beginning of your question.

Taiwo Owatemi: I said that nothing is perfect.

Philippa Hird: The pay review body process itself?

Taiwo Owatemi: Yes.



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Philippa Hird: I thought the Nuffield report was really interesting. I welcome the thoughtful way in which they went about making their recommendations. As David said, some of the things we already do. You mentioned that it is quite a long report. I am always looking for ways of making it more effective in doing what it does.

Each year we look at our timetable to see whether we could compress it. It is a challenge because of the process of needing to be open, and to be able to see everyone's else evidence. It is a challenge to compress the timetable, but we continue to look at that. This year we have tried to make it as compressed as possible.

One of the other challenges on the point about timeliness of evidence is that if you compress it too much, you cannot afford to let anyone give their evidence and then things get very difficult very fast. To be honest, it is something we think about continually. We are always trying to borrow best practice from each other and learn from each other.

Q50 **Taiwo Owatemi:** In areas where you think about improving what you do as a board, have you ever considered having more autonomy in being able to decide, for example, staff benefits for some of the staff in Agenda for Change? For example, if I worked for a normal company, as part of my staff pay negotiations, staff benefits would be a conversation, as in, "What do you offer?" That is also calculated as part of pay indirectly. Do you think it would be beneficial that you had the power to recommend some of that in the NHS?

Philippa Hird: We make a number of observations and we talk a lot about total reward. The parties are probably quite bored with me talking about total reward. What you get paid is incredibly important, but there are a lot of other elements to the working experience, from things like benefits and pensions through to how you feel about your work and what you do. We make a number of observations about terms and conditions in our reports. Flexibility is probably the example I would focus on, in relation to pensions and working hours, both of which are areas where more flexibility would allow the overall NHS pay package to be more compelling. We have set out both those things in some detail in the report.

Q51 **Taiwo Owatemi:** Are there any other benefits that you feel NHS staff would benefit from in trying to make the job more competitive compared with other sectors?

Philippa Hird: What staff tell us when we talk to them is that they feel under a lot of time pressure and that their working experience is challenging. They talk about wanting quite practical things in their workplace. They want space to take time out, access to healthy food and clarity about when they are working overtime and being paid for overtime. Some of those quite important things we make comments on in the report because they are very important to staff. In some acute



settings, where things are very stressful, they do not always get delivered.

- Q52 **Taiwo Owatemi:** I want to move to how the Agenda for Pay scale works practically. Outside London, you have a weighting scale and inside London you have a weighting scale. The reality is that outside London is not blank; the cost of living in different areas is not the same. If you live down south, most likely your cost of living is a bit more than for somebody who lives up north. As you make recommendations to the Government, has that been factored in, in how it impacts recruitment and retention in different regions and their ability to retain staff?

Philippa Hird: The NHS operates HCAS, which is a high-cost area supplement that focuses on London and the immediate surrounds. The parties have described a number of challenges with HCAS, particularly to do with areas that are very expensive. Occasionally, you get trusts that border areas where different parts of the trust may have to pay people differently. It is a challenge.

From time to time, pay review bodies are asked to look at specific issues. That is an example of something that, on occasion, I imagine a pay review body might be asked to look at. We said last year that there was still quite a lot of settling down post covid as to where people were living and working, and that maybe now was not the time to do it. I think we would always be willing to look at HCAS, to see whether it was still fit for purpose.

As an example, a new nurse would earn just over £27,500 in the rest of the country. In London, they would earn £32,000 or £33,000. There is quite a big difference, but it is a concern for many of the parties involved, and it has been as it is for some time.

- Q53 **Taiwo Owatemi:** It is a major concern because if you live in an area like Chichester, the cost of living is significantly more than if you lived somewhere in Yorkshire. Given the fact that both members of staff will start at about—I see Rachael shaking her head, so it might be different.

Chair: Pick a random area.

- Q54 **Taiwo Owatemi:** Just to be able to keep up with the cost of living for staff is quite significant.

I want to move to one last area, which is how you consider NHS transformation projects when putting forward recommendations for staff recruitment and retention. Is that factored in, in terms of how the NHS will be able to get the necessary skillset for it to achieve some of the transformation projects that it wants to do?

Philippa Hird: It is very interesting. One of the things that I found very challenging a couple of years ago was when one of the chief executives who come and talk to us in oral evidence—I should have mentioned that one of the good things about oral evidence is that trust chief executives come and talk to us—said to us, “I am so focused on workforce issues



and trying to have enough people that I don't actually have time to think about the transformation things that would improve the situation." There is a direct relationship between having enough people in your hospital to do the work that needs to be done and your ability to think ahead and move and transform things. There is a relationship between those two things.

Q55 Taiwo Owatemi: Do you consider that relationship in your report when you are making recommendations?

Philippa Hird: In what way?

Q56 Taiwo Owatemi: For example, I am thinking about the fact that the NHS is doing a digital transformation project. That is going to cost a lot and will require recruiting IT staff who are highly technical. The reality in this country is that, regardless of the industry you look at, their pay is relatively competitive. That means that, as every trust looks at how to implement their digital transformation, they will be looking at how to recruit the best, but within the Agenda for Change pathway. Do you consider some of those challenges when looking at recommendations, so that each trust is able to achieve its transformation projects?

Philippa Hird: Absolutely. A couple of years ago, we were specifically asked to look at IT staff, at whether the offer was competitive and at whether there was a case for recruitment and retention premia. We did not get evidence from the parties to suggest that there was a requirement for recruitment and retention premia, but you will be aware that NHSX has now been incorporated into NHS England, and when we assess the evidence from NHS England those kinds of questions are exactly the kinds we would discuss.

Taiwo Owatemi: We spoke to them a couple of weeks ago. I think they said that there were quite a few challenges with that. It is something to bear in mind when the next review is done. As you can imagine, the landscape has changed so much since covid, when there was an over-reliance across all industries on tech professionals. That is just one example. There are other professionals in the Agenda for Change structure whose pay may not be as competitive compared with other sectors in the public domain.

Q57 Chair: That is Taiwo's final thought. There are a couple of things from me before we close. There have been some really excellent questions. From what we have heard it seems like your work is similar to ours, in that you open inquiries, take oral evidence and then produce a report. If the pay review body did not exist, it would have to be invented, wouldn't it?

Philippa Hird: I am going to pass that one to David.

Q58 Chair: I like that. David, you keep getting these hospital passes.

Isn't it the case? Let me expand the reason behind my question. I have been on the media with speakers from unions and other parties. We keep hearing the refrain, "Ministers should get in the room and negotiate." I



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don't know what that means? Does it mean the end of the pay review body? Does it mean a dismissal of you and collective bargaining? If it didn't exist, wouldn't you have to invent it?

David Fry: These review bodies have been created by Governments of both parties over a number of years. That suggests they must be doing something that works over time, probably because no one has found a better way of setting pay for large groups of the public sector. It is not my job to decide or recommend the right way of doing it. My observation would be that the process has endured over time. Obviously, it has had tricky periods. For a review body process to work effectively, you need both parties to be part of it. These things have changed over time.

Q59 **Chair:** On that, and following from some of the questions from my colleagues, the pay review body process needs some repair. I think you need to go to "The Repair Shop". Your body has taken a beating in recent months from some Opposition MPs, from some Government MPs, from the trade unions, from members of the media, from people who have not read your report and from people who have read your report. It has taken a beating as a process in recent months, so much so that the trade unions are now saying, "We're not playing." I appreciate that there are a few who are. The process has a credibility problem. What would be your suggestion as to how "The Repair Shop" can help?

Philippa Hird: You're going to pass that back to me, aren't you, David? We are going to carry on doing what we do at the moment. We are going to carry on with our work and producing our report. There might be an opportunity for the Government to look at the terms of reference of pay review bodies, which I do not think have been reviewed since 2007, so maybe this is the moment.

I think there is some thoughtful work from the Nuffield Foundation on how you might develop. It seems to me that something that has not been developed since 2007 might want a review. It is a challenging time at the moment for everybody. The contribution I can best make at this stage is to carry on with the work of creating a recommendation and a set of observations for this year.

Q60 **Chair:** It certainly is a challenging time. Obviously, there are ongoing pay disputes about the current year that we are in. How could the Government end the current strikes?

Philippa Hird: That is a matter for the Government.

Q61 **Chair:** It is a matter for Government to do it, but what could be the process by which they would do it? They would have to trample over your work for the current report and undo their acceptance of your work, wouldn't they?

Philippa Hird: I would not make any assumptions about what the Government might do. It is probably worth saying that when I first started doing this work there was a three-year deal in place, which was



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as a result of negotiations through the staff council between the Government and the unions. It is not unprecedented.

Q62 **Chair:** Would you like to have seen that put in place for this year and the following two?

Philippa Hird: There are challenges with three-year deals. Sometimes circumstances change.

Q63 **Chair:** Like wars in Europe.

Philippa Hird: Yes, and high levels of inflation. Things change. There was a particular set of circumstances and an agreement that additional money needed to be put into the Agenda for Change pay spine. There was a series of things over which the employers and the unions could agree.

I am carrying on with our work. We will do our best to make a recommendation, not just for an award this year but for the areas where we think there are ongoing concerns and where the case for investment in pay, as opposed to investment in technology or infrastructure, is an important one to make.

Q64 **Chair:** Finally from me, and then Paul Blomfield is going to close, the NHS workforce strategy is much talked of. We expect that to come in the very near future. Have you been asked, as an NHS pay review body, given how important pay is to recruitment, retention and workforce, for your input to that strategy?

Philippa Hird: Not specifically, no.

Q65 **Paul Blomfield:** I want to follow up a point that we have discussed. In a sense it relates to those questions. It is about a broken bit of the system and your reference to inflation.

At the time you were getting your submissions for the 2022-23 review, inflation was running at about 5%. At the time, six months later, when the announcement was made, it had doubled to just over 10%. After a decade in which pay restraint had grudgingly been accepted, that mismatch was probably the straw that broke the camel's back at the point in time when the announcement was made.

Do you think the best way of dealing with that, at that point, could have been for you to be given the opportunity to look again at your recommendation, or do you think that the Government should have taken your recommendation in that new context and made a separate decision, breaking with what you were saying?

Philippa Hird: That really is a decision for the Government.

Chair: A short answer. Philippa Hird, chair of the NHS pay review body, thank you so much for coming in. David Fry, from the Business, Energy and Industrial Strategy Department, thank you so much for being part of this topical session. It has been very interesting. I know that there is a



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lot of interest outside, as well as inside, Parliament. Thank you for your time.