

Health and Social Services Committee

HSS(2)- 09-06(p2)

Meeting date: Wednesday 24th May 2006

Venue: Committee Room 2, Senedd, National Assembly for Wales

Title: Royal College of Nursing Briefing: Agenda for Change

Introduction

1. The Royal College of Nursing is grateful this opportunity to update the Health & Social Services Committee with our views on the progress of Agenda for Change.

Background

2. Negotiations on a new Pay system for non-medical NHS staff began in February 1999 when the four health departments of England, Northern Ireland, Scotland and Wales published the Agenda for Change White Paper. Prior to this the NHS Whitley system for negotiating pay, terms and conditions had largely been unaltered since its inception in 1948. Criticisms of this system centred on its complexity, rigidity and a lack of equal pay for work of equal value.

3. Before Agenda for Change (AfC) the NHS had 11 different sets of pay terms and conditions for different groups of staff. This meant a nurse could be doing a job, which required a similar level of knowledge and skills as another NHS staff member, but their pay, terms, and conditions were totally different - the RCN believed this to be unfair.

4. Talks came to an end in November 2002, and the Government published a set of proposals in January 2003. After looking closely at the AfC proposals, RCN Council recommended the package to members, on the basis that it would bring significant improvements to nurses' pay, professional development and career opportunities. The RCN was the first trade union involved to ballot its members on the proposals during March and April 2003. The result was resounding "yes", with 88.42% of members who voted, accepting AfC.

5. From the very start the RCN Council insisted that any new system must:

- Be a visible improvement
- Be fair, transparent and UK wide
- Provide the right rewards to recruit, retain, and operate
- Be funded appropriately and implemented in a robust way Include a role for the Pay Review

body

Agenda for Change Implementation

6. The RCN continues to monitor the full implementation of AfC. We have concerns over the funding of AfC which we address later in our evidence.

7. In Wales the matching process for AfC has been progressed slowly and steadily at a pace which the RCN has approved. The partnership working between the Welsh Assembly Government and NHS Employers, whilst protracted, has ensured that unions have been fully consulted.

8. AfC was to have been fully implemented by the end of September 2005. The following table (published figures from the Pay Modernisation Unit) outlines progress to date.

| AfC May 06 update | Matching Process | Assimilation Process | KSF outlines created |
|-------------------|------------------|----------------------|----------------------|
| Wales | 97% | 40% | 42% |
| England | 97% | 99% | 80% |
| Northern Ireland | 63% | 24% | 70% begun |
| Scotland | 75% | 03% | Unknown |

9. The assimilation process is now proceeding but the RCN does have concerns over slow progress. There can be no doubt that delays in receiving AfC pay (and particularly back pay) are affecting staff morale.

10. One of the reasons for the slow progress is the high demands being placed on payroll departments in NHS Trusts. The WAG has made it clear to NHS Trusts that the Electronic Staff Record (ESR) must be in place by April 2007 with the possibility of a financial penalty if this does not occur. Some NHS Trusts have already indicated to the RCN that the assimilation process of NHS staff onto AfC will be halted while this is accomplished. This concern was acknowledged by the Head of the Department for Health and Social Services (and Chief Executive of NHS Wales) and the Director of Resources at the Department of Health and Social Services (and Head of the Accounting Profession in NHS Wales) in their evidence to the National Assembly Audit Committee on the 4th May 2006 (para's.120 and 134). However, RCN Wales is aware that the Department of Health issued a directive to NHS Trusts in England stated that the implementation of the ESR was not sufficient grounds for a delay in the implementation of AfC.

11. Full implementation of AfC including KSF must continue to be a priority for the Government and NHS Wales.

12. One specific concern of RCN Wales is that for lower paid NHS staff who may well receive AfC back pay as one lump sum payment – this could potentially affect tax credits and other benefits. Despite a statement issued by the Tax Credit Office in May 2005 it is our belief that local benefits offices could interpret their current guidance differently across Wales. The All Wales AfC Implementation Group have agreed to write to the Treasury to request that any lump sum back payment for staff in receipt of tax credit be calculated over the appropriate financial years, so that they remain eligible for tax credit relief. We would be grateful to have the Minister's reassurance on this point.

Fully funding Agenda for Change

13. The RCN is concerned that despite the oft-stated commitment of the UK Government and the Welsh Assembly Government to fully fund the implementation of Agenda for Change, this may be in jeopardy.

14. In April 2006 the Wales Audit Office published its document, *Is the NHS in Wales Managing Within its Available Financial Resources?* It reported that:

"Trusts' estimates of the financial impact of AfC are greater than the level of funding specifically provided for this purpose by the Assembly. For their part, Assembly Government officials have held concerns regarding the reliability of the principles used to arrive at these estimates and have provided support in some trusts to re-examine the position. However, even on the premise that as implementation progresses, differences of view about the calculations will be resolved, NHS trusts in Wales are likely to face a significant financial challenge from this initiative." (para.22)

Wales Audit office NHS Trust estimated AfC shortfall (taken from Exhibit 4)

- Bro Morgannwg (£2,600,000)
- Cardiff and Vale (£4,000,000)
- Carmarthenshire (£1,400,000)
- Ceredigion and Mid Wales (£600,000)
- Conwy and Denbighshire (£1,080,000)
- Gwent Healthcare (£4,500,000)
- North East Wales (£789,000)
- North Glamorgan (£1,600,000)
- North West Wales (£1,000,000)
- Pembrokeshire and Derwen (£1,363,000)
- Pontypridd and Rhondda (£1,000,000)
- Swansea (£1,800,000)
- Velindre (tbc)
- Welsh Ambulance (£3,800,000)
- Total (£25,532,000)

15. Excluding the figure for Velindre NHS Trust, as of April 2006, the Auditor General for Wales estimates that there was shortfall of funding AfC of £25.5m. We would also wish the Minister to clarify the original amount available to AfC and the amount currently estimated for full implementation.

16. In a written assembly question tabled on 09 March 2006 by Jenny Randerson AM (Does the Minister intend to fully fund the costs of Agenda for Change? - WAQ46226) the Minister responded:

- The total costs of implementing Agenda for Change in each NHS Trust are not yet finalised. A number of organisations have modelled the projected costs but these figures remain estimates until all staff posts have been matched and assimilated and the staff paid.
- The full costs are not likely to be realised until the middle of 2006-07. The Welsh Assembly Government has ring fenced significant sums of money to cover these costs in 2004-05 and 2005-06. In 2006-07 the NHS has been directed through the National Finance Agreement to identify the necessary resources from the discretionary allocations to LHBs and HCW as part of the 2006-07 service and financial framework.

17. RCN Wales wants and assurance that funding mechanism under AfC has taken account of the anticipated incremental progression for all staff moving to AfC. Also thorough consideration has been made of the impact on AfC of the employment needs of Designed for Life.

18. Agenda for Change is the foundation to achieving a sustainable workforce. It would a tremendous breach of faith for any Government to promise and then renege on valuing nurses. AfC also delivers for NHS employers. The new harmonised, equal pay proofed and knowledge based pay system should be a key driver in employers delivering a high quality workforce and a high quality service. Nurses have delivered on NHS reforms. RCN Wales believes that the Welsh Assembly Government should honour its pledge to fully-fund AfC.

Recruitment and Retention Premia

19. Recruitment and retention premia are designed to allow NHS organisations, to address recruitment and retention difficulties in particular posts. There are two types of recruitment and retention premia: long-term recruitment and retention premia and short-term recruitment and retention premia. The RCN believes that there is the potential for this tool to be used effectively in Wales. One particular example of where this would be beneficial is in Powys where community hospitals often have difficulty in recruiting sufficient staff.

20. In the meanwhile, RCN Wales believes that the Human Resources department at the Welsh Assembly Government should give consideration to the development of models for the use of Recruitment and Retention premia that can be implemented whilst assimilation is ongoing. Otherwise recruitment in key areas will continue to be negatively affected and patient care continues to be at risk.

21. However, it should be noted that the RCN's support for the use of recruitment and retention premia is an entirely separate concept from any suggestion of local pay bargaining. The latter is a concept that, if introduced, the RCN would regard as potentially crippling both financially and in terms of human resources to the NHS in Wales.

22. RCN Wales believes that an effective use recruitment and retention premia could be a valuable tool in solving recruitment and retention difficulties in Wales.

The Knowledge and Skills Framework

23. The Knowledge and Skills Framework (KSF) is a key element of the Agenda for Change package. It will be a tool for career development and also for role redefinition. For the first time NHS staff are guaranteed development in their role. Employers are required under AfC to provide a KSF outline as part of the implementation of the pay award programme. According to the figures quoted in paragraph 8 only 42% of posts have received a KSF outline.

24. Importantly, without KSF the potential for cultural change to NHS roles and responsibilities will be limited. The ability of people to work differently and across traditional boundaries is likely to be impeded. The difficulties and rigidities encountered with the Whitley system are likely to persist. KSF will also allow for the roles and responsibilities of nurses to reflect the demands placed on the profession by Designed for Life.

25. However, it should be remembered that rights to development in KSF are only to the minimum level of functioning required in the outline. Any development beyond the needs of the post e.g. the need to develop new methods of clinical practice in line with service reconfiguration, is related to organisational requirements and the postholder must demonstrate that need and be selected for development to access a Skills Escalator Programme. However relatively few people would benefit in terms of KSF from such an initiative. While a KSF outline for skills escalation is a right under AfC, considerable additional funding will need to be in place to allow for the retraining and development of staff in line with Designed for Life over and above the limited amount already available.

26. The Welsh Assembly Government should ensure that the implementation of the KSF is achieved in all NHS Trusts by:

- Ensuring a robust appraisal system
- Ensuring training for managers and staff
- Funding the required learning needs (including work-based learning) that are identified as a result of the KSF process.

Leaving this funding to the provision of Trusts will simply ensure that the system fails. It is already clear that Trusts have begun to cut training budgets as a means of dealing with deficits.

27. The RCN is deeply concerned that current funding for AfC in Wales is insufficient for the assimilation process (refer to my point earlier on shortages) and that there will be no funding for the KSF stage. There needs to be national ring-fenced funding for the introduction of appraisal, staff training and the required learning needs (this has been done for the medical professions). RCN Wales wants reassurance that funding for the implementation for KSF is adequate to meet the needs of Designed for life and the transition from acute to community care.

Agenda for Change outside the NHS

28. Agenda for Change also sets new challenges for those nurses working outside the NHS. There are three main groups,

- Nurse educators in Higher and Further Education
- Practice nurses
- Nurses in the independent sector.

29. Nurse Educators are registered nurses of many years clinical experience who work as lecturers, senior or principal lecturers in higher education. They are nurses who educate the next nursing generation. Nurse educators have gradually been assimilated onto university terms and conditions. The differential in salary between this HE Pay Framework and AfC is considerable, there is, for example, a gap of £6,000 between the maximum senior lecturer and nurse consultant salaries in the NHS. The higher education pay framework also does not sufficiently acknowledge and reward nursing lecturers' clinical practice as well as their academic profile. As a result promotion prospects for nurse educators within higher education are limited.

30. The recruitment of future nurse educators is potentially problematic. This situation is made more pressing by the fact that in the next 6 years 50% of nurse educators are due to retire. Without sufficient numbers of nurse educators there will no ability to increase nurse student recruitment and there may be an impact on the ability to maintain current figures.

31. The nurse educator has a greater teaching commitment compared to educators in other disciplines due to the stipulation by the Nursing and Midwifery Council requiring students to undertake theoretical and practical experience throughout the academic year, without the benefit of the long summer recess enjoyed by other departments. Yet nurse educators are still expected to contribute to the research and publication functions of their departments.

32. Whilst this is a challenge across the UK, if Wales is to continue to attract and employ a sustainable number of appropriately skilled and experienced nurse educators the Welsh Assembly Government will need to work closely with academic institutions to support the recruitment and retention of nurses educators.

33. The Royal College of Nursing believes that the Higher Education sector needs to recognise the

professional clinical aspects of the nurse educator role as well as the educational and that the Higher Education Role Analysis framework should address this.

34. AfC terms and conditions are not of course mandatory on independent sector employers. This means that practice nurses (who are employed by General Medical Practitioners) and nurses working in the independent sector are outside AfC terms and conditions.

35. Independent care homes are the largest employers of nurses outside the NHS. It is estimated that around 3,200 nurses are working in the independent sector in Wales. The potential danger of this is that as the considerable benefits of AfC (higher pay bands, KSF and increased annual leave entitlements) begin to be realised there could be an outflow of nurses from vulnerable sectors such as care homes. If terms and conditions of employment in the independent sector do not replicate or reproduce the benefits of AfC then the nursing workforce in that sector could become compromised by not having access to opportunities such as the Knowledge and Skills Framework. This of course would have an impact on the development of a sustainable nursing workforce and on patient care.

36. Nineteen GP practices across Wales have agreed to implement AfC terms and conditions. This is to be welcomed. Recently RCN Wales has participated in job matching with the first of a series of practises in North Wales.

37. The Royal College of Nursing believes that every effort should be made to encourage the sign-up of independent NHS contractors and employers in the independent sector to AfC. This could be encouraged through workshops and training opportunities to promote the benefits of adopting AfC by employers beyond the NHS.

Benefits Realisation

38. The Benefits Realisation Framework was launched by the Welsh Assembly Government in June 2005. It's 10 stated success criteria against which Agenda for Change will be evaluated are as follows:

- Treating more patients more quickly
- Higher quality care
- Better recruitment and retention
- Better teamwork/breaking down barriers
- Greater innovation in the deployment of staff
- Fair pay
- Improve all aspects of equality and diversity
- Better pay
- Better career development
- Better morale

39. The Government has stated that AfC will have substantial benefits realisation,

however, it should be noted that this success will be dependent on the full implementation of the package, including that of KSF.

40. To highlight this point we would like to draw the Committee's attention to two examples; the modernisation of the nursing workforce is reliant in increasing the number of Nurse Specialist posts yet the RCN is already receiving evidence that these posts are being cut by NHS Trusts in response to financial pressures before their benefit can be assessed or "realised". We would be grateful if the Minister would respond to this concern.

41. Secondly AfC (and the KSF) will undoubtedly contribute substantially towards the benefits realisation of the Consultant Contract – yet again this has yet to be identified.

42. Each employer should have a "live" modernisation plan containing services which it wishes to modernise, and the process by which it will evaluate the effectiveness of any changes introduced. The Royal College of Nursing looks forward to working together to demonstrate the benefits realisation of AfC.

Conclusion and Summary of Royal College of Nursing Briefing: Agenda for Change May 2006

43. RCN Wales is grateful for the opportunity to give evidence to the Health and Social Services Committee. It acknowledges the work of the Committee in respect of addressing the issues facing nurses and as a result the improvements to patient care.

- The RCN believes the full implementation of Agenda for Change (including the creation of a KSF outline for every post) must remain the priority of Government and health organisations.
- The RCN believes that the Welsh Assembly Government should honour its pledge to fully-fund Agenda for Change.
- The RCN believes there needs to be ring-fenced national funding for the introduction of appraisal, staff training and the required learning needs (this has been done for the medical professions).
- The RCN believes that every effort should be made to encourage the sign-up of independent NHS contractors and employers in the independent sector to AfC. The RCN believes that the HE sector need to recognise the professional nursing aspects of the nurse educator role and the Pay Framework needs to address this.
- The RCN believes that recruitment & retention premia allowed for under Agenda for Change could be a valuable tool in solving recruitment difficulties in Wales.

44. Further queries regarding this paper or nursing issues in general should be addressed to:

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