

1 March 2023

To:

The Rt Hon Steve Barclay MP, Secretary of State for Health and Social Care

CC:

Helen Whatley MP, Minister of State for Social Care

Matthew Style, Director General for NHS Policy and Performance, Department of Health and Social Care

Julian Kelly, Director of Finance, NHS England

Ed Waller, Deputy Chief Financial Officer - Strategic Finance, NHS England

James Sanderson, Director for Personalised and Community Care, NHS England

By email

Dear Secretary of State,

We are writing to you on behalf of leaders of NHS community health services regarding pay awards announced by government for NHS staff. In particular, we are seeking clarity about the funding arrangements for NHS staff, on NHS terms and conditions, who are working in services which are commissioned by local authorities rather than NHS England (NHSE).

As you may know, NHS Providers and NHS Confederation jointly host the Community Network, which brings together leaders of trusts and community interest companies providing NHS community health services.

Community providers deliver a range of vital services in their communities, and a significant proportion of community health services are commissioned via public health budgets managed by local authorities. Examples include sexual health clinics and some children's services. The staff we are referring to are on NHS terms and conditions and part of trusts or other organisations which deliver services for the NHS.

Over the years however the mechanism for ensuring that these public health contracts properly reflect the NHS pay awards approved by the government has proved problematic. Funds to cover the government's announcements of pay award for these key members of NHS staff do not follow as clearly as they do through the core NHSE route nor have local authorities received the funding to pass through via the public health contracts they are commissioning. In the past there have been protracted discussions between the Department of Health and Social Care (DHSC) and NHSE about whether the funding for these pay awards should come from the NHS budget, the DHSC's budget or the Public Health Grant.

During the most recent negotiations, NHSE confirmed it would fund the pay award for this group of NHS staff until the end of the financial year 2022/23. However funding to deliver the pay award for NHS staff delivering local authority public health contracts has not been confirmed for the next financial year 2023/24, or for any further years. This is creating uncertainty and concern among community providers, and wider system partners, at a time of significant operational pressure where we cannot afford to diminish staff morale further, or to lose staff. While ongoing industrial action among NHS staff makes this issue particularly pressing ahead of the next financial year, central funding for NHS staff delivering local authority public health contracts should be delivered as a point of principle, and as part of a lasting solution to recurrent issues with unfunded pay uplifts for this group of staff.

If the costs of meeting the nationally agreed NHS pay rise are not met centrally, community providers will have to absorb the pay rise for these staff within their own budgets, which are already stretched. Community providers tell us this will affect the quality of service delivery and cause the scaling back of some services to meet increased costs. In a recent NHS Providers survey of HR directors in trusts (conducted from October-November 2022), respondents who employ NHS staff working on local authority contracts were asked about the impact of unfunded pay uplifts in the next financial year; 38% said they would absorb the unfunded costs, but service provision would be impacted, while 13% said they would continue to deliver the contract but not tender for it again, and a further 13% said they would hand back the contract(s). Regrettably, this means that unfunded pay rises are likely to contribute to the scaling back of public health services at a time when they are playing an essential role in supporting people to stay well in the community.

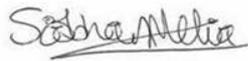
While there is a lack of national data on the cost and impact of unfunded pay uplifts for NHS staff working on local authority contracts, information on financial planning for 2023/24 given to us by community providers demonstrates the potential scale of the problem. The 2022/23 NHS pay uplift is non-recurrent, and community providers are building this into planning for the next financial year, alongside an additional (assumed) pay uplift of 2.1% for 2023/4. Based on this, one large community provider is reporting a potential £1.5 million cost pressure for 2023/24. The pay uplift remains unconfirmed and may in fact be higher than the 2.1% planning assumption, potentially exacerbating the cost pressures described.

Community providers report that unfunded pay uplifts will have a significant impact on some services, including health visiting, school nursing, sexual health, and speech and language therapy services. This is particularly concerning given existing staff shortages and backlogs of care in these key service areas.

Community providers would welcome confirmation that NHS pay uplifts for all NHS staff will be honoured, and funded centrally and consistently in future years. This is essential in

ensuring that providers can deliver high quality care for patients and support the wider health and care system by delivering important preventative services that keep people well at home and in the community. This is not only important in the immediate term; the prevention of ill-health will be central to long term recovery and the future sustainability of the health and care system.

Best Wishes,



Siobhan Melia  
Community Network Chair  
Chief Executive, South East Coast  
Ambulance Service



Richard Kirby  
Community Network Vice Chair  
Chief Executive, Birmingham  
Community Healthcare NHS  
Foundation Trust



Matthew Taylor  
Chief Executive, NHS Confederation



Saffron Cordery  
Deputy Chief Executive,  
NHS Providers