

Dear Secretary of State,

NHS Pay deal – staff working in the non-statutory provider sector, NHS staff working on local authority contracts and staff employed through the Additional Role Reimbursement Scheme (ARRS)

We are writing urgently on behalf of a range of providers and commissioners who employ staff to deliver critical NHS and social care services to seek clarity on how the additional costs of the Agenda for Change pay settlement announced on 2 May 2023 will be met.

The acceptance of the Agenda for Change pay deal by the NHS staff council is positive, but there is now significant uncertainty for many providers regarding funding to cover the increased cost from their budgets.

There is also ongoing uncertainty about central funding for the pay award for 2023/24 for key groups of staff, who provide vital services in their communities.

If unaddressed, an inequitable, two-tier system will be inadvertently created, impacting staff and creating significant risks and concerns.

The organisations whose staff are affected include local authorities, charities, social enterprises, community interest companies providing key community, mental health and social care services, nursing and care homes, primary care organisations and independent health care providers delivering key community services.

It also includes NHS trusts who employ staff delivering services commissioned by a local authority. As we understand it, their staff are eligible for the pay uplift, but questions still remain about whether trusts will be compensated with the additional national funding to provide it. It also affects some primary care organisations who employ staff through the Additional Role Reimbursement Scheme but who are not on Agenda for Change.

Date

25/05/2023

**For the attention of
Rt Hon Steve Barclay
Secretary of State for
Health and Social Care
mb-sofs@dhsc.gov.uk**

Following the 2018 pay deal, many of these organisations' staff are on Agenda for Change terms and conditions or employed to deliver core NHS contracts.

In the guidance accompanying the details of the pay deal agreed in May 2023 it states that the deal 'applies to staff members and employing organisations who are listed at [Annex 1](#) of the Agenda for Change handbook in England only'. This excludes thousands of staff employed by CICs and social enterprise, delivering vital NHS services, such as end of life care, health visiting, inpatient mental health services and school aged immunisations.

Without central funding to cover the uplift, many non-statutory providers will struggle to cover these increased costs and retain staff to sustain critical services. Likewise, unfunded pay uplifts will increase financial pressures for NHS trusts employing Agenda for Change staff delivering public health contracts.

The services at risk are diverse. They are delivering valuable patient care, often in community settings – such as district nurses, school nurses, therapists, sexual health services, obesity services, substance misuse, smoking cessation and children's public health programmes, to name but a few.

This has been a long-standing problem which we have repeatedly raised with government and the Department of Health and Social Care (DHSC). An agreement was reached in 2018 to ensure that these additional costs were covered from central budgets however we are disappointed that this issue does not appear to have been foreseen in this year's settlement.

Impacted organisations have told us that the uplift represents significant sums, and if unfunded, along with inflationary pressures, will result in a reduction in service provision and vacancy freezes. They are therefore having to consider the potential impact on patient services and the viability of their organisations.

Pay often makes up a significant part of the total cost for community service organisations – one organisation told us it is almost 80% of their total costs. The impact of the pay uplift is therefore felt particularly hard by these organisations if left unfunded.

At a time when we have almost 1 million people waiting for community services, the potential damage to the viability of services could not come at a worse time.

We wish to work with DHSC to identify practical solutions and ensure that additional funding is available to cover the shortfall, ensuring parity for all staff on Agenda for Change terms and conditions, including those on local authority contracts – and to explore how we ensure that the additional funding reaches the staff, who work for provider organisations.

We would welcome the opportunity to meet as soon as possible to set out the issues and begin a process to resolve them.

I look forward to hearing from you.

Yours sincerely,



Matthew Taylor
Chief Executive, NHS Confederation



Peter Holbrook
Chief Executive, Social Enterprise UK



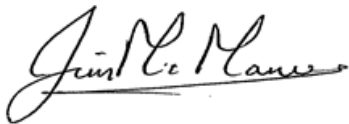
Sir Julian Hartley
Chief Executive, NHS Providers



David Hare
Chief Executive, Independent Healthcare Providers Network



Councillor David Fothergill
Chair, LGA Community Wellbeing Board
Local Government Association



Professor Jim McManus
President, Association of Directors of Public Health