

## ANNEX C

### Summary of Statistical and Economic Evidence

#### *Introduction*

1. This annex provides a headline summary of the evidence and information that we have considered on recruitment and retention and wider economic and labour market conditions; and of material of relevance to our consideration of a proposal for a national recruitment and retention premium (RRP) for pharmacists. It draws on written evidence and information submitted by the parties<sup>1</sup>, updated where appropriate, and also on other sources of data available to us as of 8 December 2009.

#### *Recruitment and Retention*

##### **Staff in Post<sup>2</sup>**

2. In the UK as a whole, the total non-medical workforce in September 2008<sup>3</sup> was 1.16 million full-time equivalent (FTE) staff (over 1.4 million headcount), the highest level on record, and an increase of 3.2% FTE staff compared to the previous census. The total FTE non-medical workforce increased in each individual UK country in 2008, and in England, Wales and Scotland was at the highest level on record for these countries. Figure 1 shows the percentage change between 2007 and 2008 in the number of FTE staff by main staff group and for each UK country, and Figure 2 indicates how the total non-medical workforce in the UK has changed since 1998.

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<sup>1</sup> This paper is not an exhaustive overview of detailed evidence and information submitted by the parties: copies of submissions to the NHSPRB can be obtained directly from the parties listed in Annex D.

<sup>2</sup> Sources: NHS Information Centre for Health and Social Care (NHS IC) (2009) *NHS Hospital and Community Health Services: Non-Medical Staff (England) 1998-2008*; Information Services Division (ISD) Scotland (2008) *NHSScotland Workforce Statistics 2008*; StatsWales (2009) *Staff Directly Employed by the NHS, 30 September 2008*, WAG (SDR 28/2009); Department of Health, Social Services and Public Safety (DHSSPS), Northern Ireland (2009) *Key Facts Workforce Bulletin, Quarter Ending March 2009*.

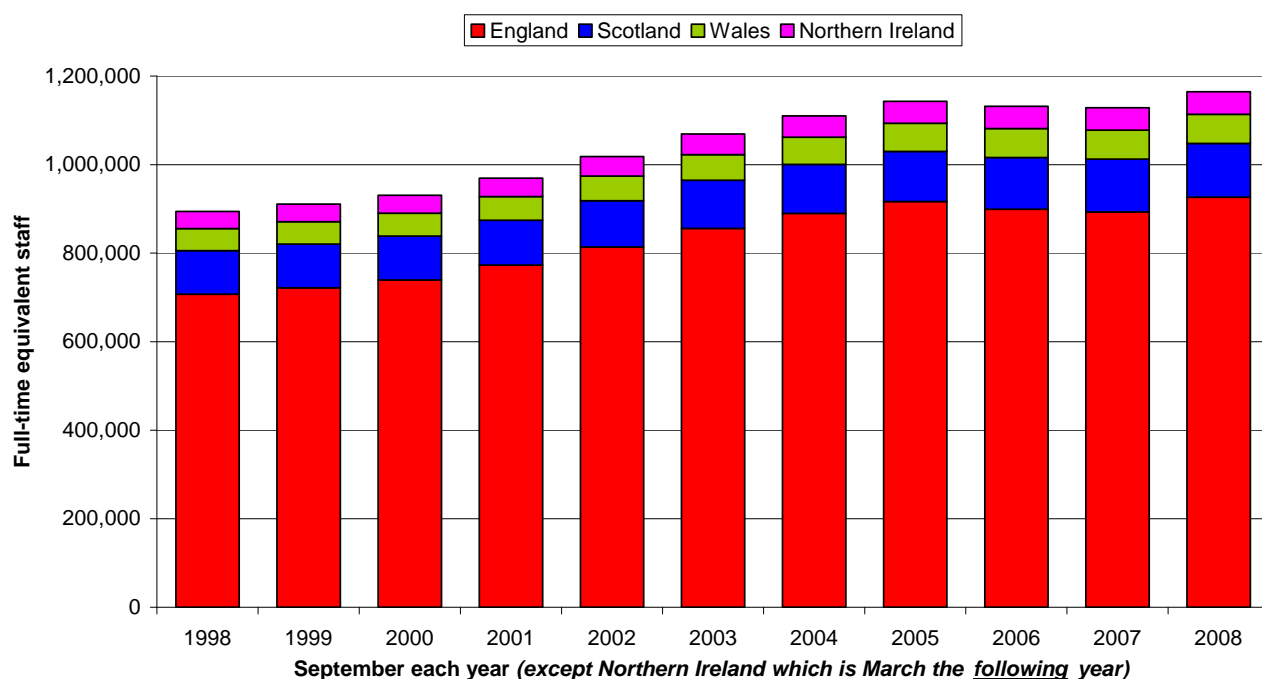
<sup>3</sup> Data for Northern Ireland relate to March 2009.

Figure 1: Change in staff in post<sup>4</sup> by UK country and main staff group, 2007-08<sup>5</sup>

|  | England | Scotland | Wales | Northern Ireland | UK   |
|--|---------|----------|-------|------------------|------|
| Qualified Nurses, midwives & health visitors | 2.5%    | 1.2%     | -0.1% | 0.0%             | 1.0% |
| Unqualified nurses                           | -4.0%   |          | -3.4% | -1.7%            |      |
| Qualified AHPs <sup>6</sup>                  | 4.2%    | 3.3%     | 2.9%  | 4.4%             | 4.9% |
| Qualified ST&Ts <sup>7</sup>                 | 4.3%    | 9.4%     | -1.1% | -2.3%            |      |
| Ambulance staff                              | 7.5%    | 0.8%     | 1.6%  | -0.8%            | 5.2% |
| Admin & estates                              | 6.0%    | 1.6%     | 0.2%  | -0.4%            | 4.8% |
| TOTAL <sup>8</sup>                           | 3.7%    | 1.9%     | 0.8%  | 0.2%             | 3.2% |

Sources: NHS Information Centre; ISD Scotland; StatsWales; DHSSPSNI

Figure 2: FTE non-medical NHS workforce, 1998-2008



Sources: NHS Information Centre, ISD Scotland, StatsWales, DHSSPSNI

<sup>4</sup> Full-time equivalent.

<sup>5</sup> Change between 30 September 2007 and 20 September 2008, except Northern Ireland, which shows the change between 31 March 2008 and 31 March 2009.

<sup>6</sup> Allied health professionals (AHPs). Includes unqualified staff in Scotland and Northern Ireland, and therefore for the UK as a whole.

<sup>7</sup> Scientific, therapeutic and technical staff (ST&Ts). Includes unqualified staff in Scotland and Northern Ireland, and therefore for the UK as a whole.

<sup>8</sup> The total includes additional groups of staff where cross-UK comparisons are difficult to draw, such as unqualified scientific, therapeutic and technical staff, healthcare assistants and social services staff.

## Vacancies<sup>9</sup>

3. Data from the latest vacancy surveys conducted in each UK country are summarised in Figure 3. Though three-month vacancy rates<sup>10</sup> increased in England for most main staff groups in March 2009 compared to March 2008, they remained under 1% (although rates were higher for some specific occupations within these groups). Three-month vacancy rates decreased for most main staff groups in other UK countries, though vacancy rates for certain occupations *within* these groups increased.
4. The total vacancy rate<sup>11</sup> increased in England for most main staff groups, but decreased or was unchanged in other UK countries. In England and Scotland (taken together), total vacancy rates ranged from 2.3% to 4.7%, but were generally lower in Northern Ireland (1.4% to 2.7%). The whole-economy vacancy ratio<sup>12</sup> was 1.8% in the three months to March 2009<sup>13</sup>, a decrease from its long-running norm of 2.2% to 2.6%.

## Turnover

5. Figure 4 shows joining and leaving rates from the NHS in England, between the censuses of 2006 and 2007, and between 2007 and 2008<sup>14</sup>. The leaving rate overall declined by 1.6 percentage points, with the majority of staff groups experiencing a fall. The joining rate overall increased by 2.6 percentage points. In Northern Ireland, the leaving rate overall declined by 0.7 percentage points between 2007/08 and 2008/09, and the joining rate decreased by 0.4 percentage points (Figure 5)<sup>15</sup>. Data are not available for Wales and Scotland.
6. UK-wide survey data from the Chartered Institute of Personnel and Development (CIPD)<sup>16</sup> suggest that the average leaving rate in the wider UK economy was 17.3% in 2008, a decrease of 0.8 percentage points compared with the 2007 survey<sup>17</sup>. The leaving rate in the public sector as a whole was estimated to be 13.5% in 2008, a decrease of 0.2 percentage points compared with 2007.
7. More recent data from the 2009 survey by CIPD<sup>18</sup> indicate that the leaving rates in the wider economy and the public sector have again decreased, standing at 15.7% and 12.6% respectively.

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<sup>9</sup> Sources: NHS IC, *Vacancies Survey March 2009*; op.cit. ISD Scotland, *NHSScotland Workforce Statistics 2008*; StatsWales (2009) *NHS Trust Staff Vacancies as at 31 March 2009*, WAG (SDR 163/2009); DHSSPSNI (2009) *Northern Ireland HSC Workforce Vacancies as at 31 March 2009*.

<sup>10</sup> Three-month vacancy rates are defined as vacancies to which NHS organisations were actively recruiting, which had been vacant for three months or more on the date of the survey, as a percentage of staff in post plus vacancies (i.e. the total number of available posts).

<sup>11</sup> Total vacancy rates are defined as all vacancies on the date of the survey, to which NHS organisations were actively recruiting, as a percentage of staff in post plus vacancies (i.e. the total number of available posts).

<sup>12</sup> Vacancy ratios are vacancies expressed as a percentage of staff in post, which differs from the definition of vacancy rates as produced by the Health Departments, outlined in footnotes 10 and 11 above. The differing methods of calculation mean that, for a given number of vacancies, the ratio will always be higher than the rate.

<sup>13</sup> Office of National Statistics (ONS), *Labour Market Statistics, November 2009*, Table 21.

<sup>14</sup> NHS IC (2009) *NHS Staff Turnover Statistics 2007-2008*.

<sup>15</sup> DHSSPS (2009) *Information from the Health Departments Relevant to NHSPRB's Consideration of the Three Year Pay Deal*, pages 28-29, submitted as evidence to NHSPRB.

<sup>16</sup> Chartered Institute of Personnel and Development (CIPD) (2008) *Recruitment, Retention and Turnover: Annual Survey Report 2008*.

<sup>17</sup> CIPD (2007) *Recruitment, Retention and Turnover: Annual Survey Report 2007*.

<sup>18</sup> CIPD (2009) *Recruitment, Retention and Turnover: Annual Survey Report 2009*.

Figure 3: Vacancy rates by main staff group and UK country<sup>19</sup>

|                                  | ENGLAND                  |                         |                          |                         | SCOTLAND                 |                         |                          |                         |
|----------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                                  | Three-month vacancies    |                         | Total vacancies          |                         | Three-month vacancies    |                         | Total vacancies          |                         |
|                                  | Vacancy rate in 2009 (%) | Percentage point change | Vacancy rate in 2009 (%) | Percentage point change | Vacancy rate in 2008 (%) | Percentage point change | Vacancy rate in 2008 (%) | Percentage point change |
| Qualified nurses, midwives & HVs | 0.7                      | +0.2                    | 3.1                      | +0.6                    | 0.6                      | -0.5                    | 2.5                      | -1.2                    |
| Unqualified nurses               | 0.4                      | 0.0                     | 2.3                      | +0.5                    | 0.5                      | -0.6                    | 2.6                      | -1.2                    |
| Qualified AHPs                   | 0.7                      | +0.2                    | 3.2                      | +0.3                    | 1.0                      | -1.0                    | 3.9                      | -0.9                    |
| Qualified ST&Ts                  | 0.8                      | +0.3                    | 3.2                      | +0.5                    | -                        | -                       | -                        | -                       |
| Ambulance staff                  | 0.3                      | +0.2                    | 4.7                      | +1.3                    | -                        | -                       | -                        | -                       |
| Administrative and Estates staff | 0.4                      | 0.0                     | 2.5                      | -0.2                    | -                        | -                       | -                        | -                       |

|                                  | WALES                    |                         |                           |     | NORTHERN IRELAND         |                         |                          |                         |
|----------------------------------|--------------------------|-------------------------|---------------------------|-----|--------------------------|-------------------------|--------------------------|-------------------------|
|                                  | Three-month vacancies    |                         | Total vacancies           |     | Three-month vacancies    |                         | Total vacancies          |                         |
|                                  | Vacancy rate in 2009 (%) | Percentage point change | <i>Data not collected</i> |     | Vacancy rate in 2009 (%) | Percentage point change | Vacancy rate in 2009 (%) | Percentage point change |
| Qualified nurses, midwives & HVs | 0.2                      | -0.3                    |                           |     | 0.4                      | -0.1                    | 1.4                      | -0.5                    |
| Unqualified nurses               | 0.0                      | -0.2                    |                           |     | 0.6                      | -0.6                    | 1.5                      | -1.9                    |
| Qualified AHPs                   | 0.3                      | -0.5                    |                           |     | 0.4                      | -0.8                    | 2.7                      | -0.8                    |
| Qualified ST&Ts                  | 0.3                      | -0.5                    |                           |     | 0.6                      | -0.2                    | 2.7                      | -0.9                    |
| Ambulance staff                  | 0.0                      | 0.0                     |                           |     | 0.0                      | -1.9                    | 1.5                      | -0.4                    |
| Administrative and Estates staff | 0.3                      | -0.4                    | 0.9                       | 0.0 | 2.5                      | 0.0                     |                          |                         |

Sources: NHS Information Centre; ISD Scotland; StatsWales; DHSSPSNI

<sup>19</sup> For England, Wales and Northern Ireland, Figure 3 shows data for March 2009 and change since March 2008. For Scotland, Figure 3 shows data for September 2008 and change since September 2007.

**Figure 4: Turnover of non-medical staff in England, 2006/07 and 2007/08<sup>20</sup>**

|                              | Joining rate <sup>21</sup> |                |                     | Leaving rate <sup>22</sup> |                |                     |
|------------------------------|----------------------------|----------------|---------------------|----------------------------|----------------|---------------------|
|                              | 2006/07<br>(%)             | 2007/08<br>(%) | Change<br>(% point) | 2006/07<br>(%)             | 2007/08<br>(%) | Change<br>(% point) |
| <b>All Non Medical Staff</b> | <b>9.0</b>                 | <b>11.6</b>    | <b>2.6</b>          | <b>10.1</b>                | <b>8.5</b>     | <b>-1.6</b>         |
| Qualified Nurse              | 6.3                        | 7.5            | 1.2                 | 7.3                        | 6.5            | -0.8                |
| Unqualified Nurse            | 8.9                        | 12.4           | 3.5                 | 12.1                       | 10.9           | -1.3                |
| Qualified AHP and ST&T       | 9.6                        | 10.4           | 0.8                 | 8.6                        | 7.4            | -1.3                |
| Healthcare Scientist         | 5.4                        | 6.5            | 1.1                 | 6.7                        | 6.7            | 0.0                 |
| Qualified Ambulance Staff    | 3.8                        | 2.1            | -1.7                | 6.4                        | 3.8            | -2.6                |
| Healthcare assistant         | 12.9                       | 16.7           | 3.8                 | 12.3                       | 10.4           | -1.9                |
| Support Worker               | 13.1                       | 15.8           | 2.7                 | 13.0                       | 11.1           | -1.9                |
| Manager & Senior Manager     | 8.0                        | 10.6           | 2.6                 | 14.6                       | 9.9            | -4.6                |
| Clerical & Admin             | 10.3                       | 15.6           | 5.3                 | 12.2                       | 9.8            | -2.4                |
| Maintenance & Works          | 7.2                        | 9.7            | 2.5                 | 10.3                       | 8.8            | -1.5                |

Source: NHS Information Centre

**Figure 5: Turnover of non-medical staff in Northern Ireland, 2007/08 and 2008/09**

|                               | Joining rate <sup>23</sup> |                |                     | Leaving rate <sup>24</sup> |                |                     |
|-------------------------------|----------------------------|----------------|---------------------|----------------------------|----------------|---------------------|
|                               | 2007/08<br>(%)             | 2008/09<br>(%) | Change<br>(% point) | 2007/08<br>(%)             | 2008/09<br>(%) | Change<br>(% point) |
| <b>All HSC Staff</b>          | <b>7.6</b>                 | <b>7.2</b>     | <b>-0.4</b>         | <b>8.1</b>                 | <b>7.4</b>     | <b>-0.7</b>         |
| Nursing & Midwifery           | 6.3                        | 5.6            | -0.7                | 5.9                        | 5.6            | -0.3                |
| Professional & Technical      | 8.9                        | 8.2            | -0.7                | 6.3                        | 5.8            | -0.5                |
| Ambulance                     | 8.6                        | 2.4            | -6.2                | 3.8                        | 2.7            | -1.1                |
| Administration & Clerical     | 5.4                        | 6.9            | 1.5                 | 9.8                        | 7.2            | -2.6                |
| Estates Services              | 1.7                        | 2.3            | 0.6                 | 3.2                        | 8.6            | 5.4                 |
| Support Services              | 10.3                       | 10.6           | 0.3                 | 11.7                       | 8.3            | -3.4                |
| Social Services <sup>25</sup> | 8.3                        | 6.3            | -2.0                | 6.8                        | 9.2            | 2.4                 |
| Medical & Dental              | 14.5                       | 14.8           | 0.3                 | 13.6                       | 14.0           | 0.4                 |
| Generic                       | 0.0                        | 5.0            | 5.0                 | 0.0                        | 8.5            | 8.5                 |

Source: DHSSPSNI, Information from the Health Departments Relevant to NHSPRB's Consideration of the Three Year Pay Deal, pages 28-29

<sup>20</sup> 2007/08 is the latest available turnover data.

<sup>21</sup> The joining rate for England is defined as joiners to the NHS as a percentage of the average number of staff in post from consecutive workforce censuses.

<sup>22</sup> The leaving rate for England is defined as leavers from the NHS as a percentage of the average number of staff in post from consecutive workforce censuses.

<sup>23</sup> The joining rate for Northern Ireland is defined as joiners to HSC as a percentage of staff in post at the mid-point of the year.

<sup>24</sup> The leaving rate for Northern Ireland is defined as leavers from HSC as a percentage of staff in post at the mid-point of the year.

<sup>25</sup> Social services data from 2008/09 includes home help staff.

## Morale and Motivation

8. Figure 6 presents a summary of certain key findings from the Care Quality Commission (CQC) annual surveys of NHS staff in England, from 2006 to 2008<sup>26</sup>.
  - Average scores for staff perceptions of work-life balance and work pressure improved slightly for most staff groups in 2008 compared with 2007.
  - The percentage of staff who had an appraisal in the 12 months prior to the survey increased for all staff groups, though only a minority of those who had an appraisal considered it to have been well-structured<sup>27</sup>.
  - The percentage of staff undertaking job-relevant training and development increased for all staff groups except ambulance technicians.
  - The average score for job satisfaction increased slightly for all staff groups, as did the percentage of staff who were satisfied with their level of pay<sup>28</sup>.
  - The average score for staff intention to leave decreased for all staff groups.
  
9. During the autumn of 2008, NHSScotland conducted its third biennial survey of NHS staff<sup>29</sup>. Responses were on the whole more positive in 2008, compared with the 2006 survey.
  - 39% of staff felt their pay was reasonable, considering their duties and responsibilities, an increase of 4 percentage points compared with 2006. 62% of staff were satisfied with the total benefits package (up 5 percentage points).
  - Less than half (49%) had a performance review in the 12 months prior to the survey (up 2 percentage points since 2006), while 61% of staff had personal development plans (up 3 percentage points).
  - Around three-quarters (76%) were satisfied with the support they got from their work colleagues, with a similar proportion (73%) considering that their job made good use of their skills and abilities.
  - Just over half of staff (56%) were comfortable with the level of pressure placed on them in their jobs, a decrease of one percentage point since 2006.
  
10. Surveys were not conducted in 2008 in Wales or Northern Ireland.

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<sup>26</sup> Care Quality Commission (CQC) (2009) *National NHS Staff Survey 2008*. The survey is conducted in the autumn of each year.

<sup>27</sup> Ibid. Key Finding 14.

<sup>28</sup> Ibid. question 13h, and CQC (2008) *National NHS Staff Survey 2007*, question 15h.

<sup>29</sup> ORC International (2009) *NHSScotland Staff Opinion Survey 2008*, Scottish Government.

**Figure 6: CQC National NHS Staff Survey – results for 2006 - 2008 (England)**

The difference column "Diff" shows the change between 2007 and 2008, with any *deterioration* shown in **red font**.

\*\* N.B. Unlike the other rows of the table, for "work pressure" and "intention to leave" *lower* scores are considered better, hence for these a *positive* difference would indicate deterioration.

In 2007, changes were made to the *questions* contributing to the score for work pressure, and to the *location of questions* relating to support from immediate managers, so comparisons with scores for earlier years should be treated with caution.

| Registered Nurse                | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 60   | 63   | 68   | 4.6   |
| Received job-relevant training  | 84   | 86   | 88   | 2.6   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.3  | 3.4  | 3.4  | 0.04  |
| Staff job satisfaction          | 3.4  | 3.4  | 3.5  | 0.06  |
| Support from immediate managers | 3.5  | 3.7  | 3.6  | -0.01 |
| Work pressure **                | 3.3  | 3.3  | 3.2  | -0.08 |
| Intention to leave **           | 2.8  | 2.8  | 2.7  | -0.11 |

| Health Visitors                 | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 65   | 62   | 67   | 4.5   |
| Received job-relevant training  | 84   | 88   | 89   | 1.7   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.4  | 3.4  | 3.4  | 0.00  |
| Staff job satisfaction          | 3.4  | 3.3  | 3.3  | 0.01  |
| Support from immediate managers | 3.4  | 3.4  | 3.4  | -0.01 |
| Work pressure **                | 3.6  | 3.6  | 3.6  | -0.02 |
| Intention to leave **           | 2.8  | 2.9  | 2.8  | -0.05 |

| Midwives                        | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 62   | 66   | 69   | 3.7   |
| Received job-relevant training  | 88   | 88   | 92   | 3.4   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.1  | 3.1  | 3.1  | 0.04  |
| Staff job satisfaction          | 3.3  | 3.3  | 3.4  | 0.08  |
| Support from immediate managers | 3.3  | 3.5  | 3.4  | -0.04 |
| Work pressure **                | 3.5  | 3.6  | 3.5  | -0.10 |
| Intention to leave **           | 2.7  | 2.7  | 2.6  | -0.09 |

| Health care assistants          | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 54   | 58   | 61   | 3.2   |
| Received job-relevant training  | 75   | 78   | 82   | 4.0   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.4  | 3.4  | 3.4  | 0.05  |
| Staff job satisfaction          | 3.4  | 3.4  | 3.5  | 0.09  |
| Support from immediate managers | 3.5  | 3.7  | 3.7  | 0.01  |
| Work pressure **                | 2.9  | 3.0  | 2.9  | -0.08 |
| Intention to leave **           | 2.6  | 2.6  | 2.5  | -0.15 |

| AHPs                            | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 68   | 70   | 73   | 2.1   |
| Received job-relevant training  | 82   | 83   | 86   | 3.4   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.5  | 3.5  | 3.5  | 0.04  |
| Staff job satisfaction          | 3.5  | 3.5  | 3.5  | 0.05  |
| Support from immediate managers | 3.6  | 3.7  | 3.7  | -0.02 |
| Work pressure **                | 3.3  | 3.3  | 3.2  | -0.08 |
| Intention to leave **           | 2.7  | 2.7  | 2.6  | -0.12 |

| ST&Ts                           | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 56   | 61   | 65   | 4.0   |
| Received job-relevant training  | 77   | 76   | 81   | 5.0   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.4  | 3.5  | 3.6  | 0.09  |
| Staff job satisfaction          | 3.4  | 3.4  | 3.5  | 0.09  |
| Support from immediate managers | 3.5  | 3.6  | 3.7  | 0.03  |
| Work pressure **                | 3.2  | 3.2  | 3.1  | -0.13 |
| Intention to leave **           | 2.7  | 2.7  | 2.6  | -0.15 |

| Paramedics                      | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 34   | 37   | 47   | 10.0  |
| Received job-relevant training  | 76   | 69   | 72   | 2.7   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.1  | 2.7  | 2.8  | 0.11  |
| Staff job satisfaction          | 3.2  | 3.0  | 3.1  | 0.03  |
| Support from immediate managers | 3.1  | 2.9  | 3.0  | 0.02  |
| Work pressure **                | 3.3  | 3.3  | 3.3  | -0.06 |
| Intention to leave **           | 2.6  | 2.8  | 2.7  | -0.08 |

| Ambulance technicians           | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 42   | 41   | 50   | 8.3   |
| Received job-relevant training  | 64   | 68   | 68   | -0.4  |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 2.8  | 2.6  | 2.7  | 0.06  |
| Staff job satisfaction          | 3.1  | 3.0  | 3.1  | 0.01  |
| Support from immediate managers | 2.9  | 3.0  | 3.0  | 0.03  |
| Work pressure **                | 3.0  | 3.2  | 3.1  | -0.03 |
| Intention to leave **           | 2.6  | 2.6  | 2.6  | 0.00  |

| Admin and clerical              | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 51   | 52   | 58   | 5.4   |
| Received job-relevant training  | 59   | 63   | 69   | 6.1   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.5  | 3.6  | 3.6  | 0.05  |
| Staff job satisfaction          | 3.5  | 3.5  | 3.6  | 0.08  |
| Support from immediate managers | 3.5  | 3.7  | 3.7  | 0.03  |
| Work pressure **                | 3.0  | 3.0  | 2.9  | -0.09 |
| Intention to leave **           | 2.8  | 2.8  | 2.6  | -0.18 |

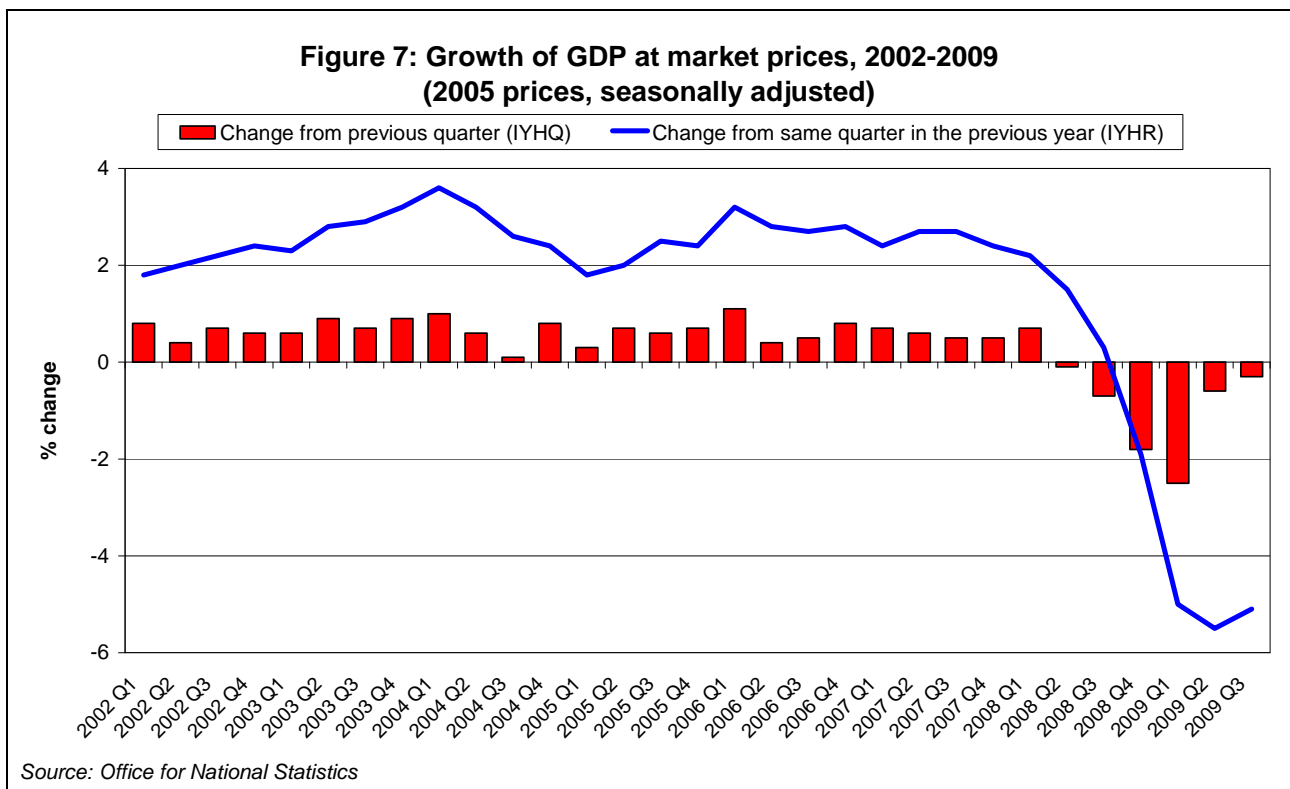
| Maintenance/ancillary           | 2006 | 2007 | 2008 | Diff  |
|---------------------------------|------|------|------|-------|
| <b>Percentages</b>              |      |      |      |       |
| Appraised in 12 months          | 48   | 48   | 53   | 4.5   |
| Received job-relevant training  | 52   | 62   | 66   | 3.5   |
| <b>Scores 1-5</b>               |      |      |      |       |
| Quality of work life balance    | 3.4  | 3.4  | 3.4  | 0.04  |
| Staff job satisfaction          | 3.4  | 3.5  | 3.5  | 0.04  |
| Support from immediate managers | 3.4  | 3.5  | 3.5  | 0.02  |
| Work pressure **                | 3.0  | 3.0  | 2.9  | -0.08 |
| Intention to leave **           | 2.5  | 2.5  | 2.4  | -0.08 |

Source: Care Quality Commission (formerly Healthcare Commission)

## Wider Economic and Labour Market Conditions

### GDP Growth<sup>30</sup>

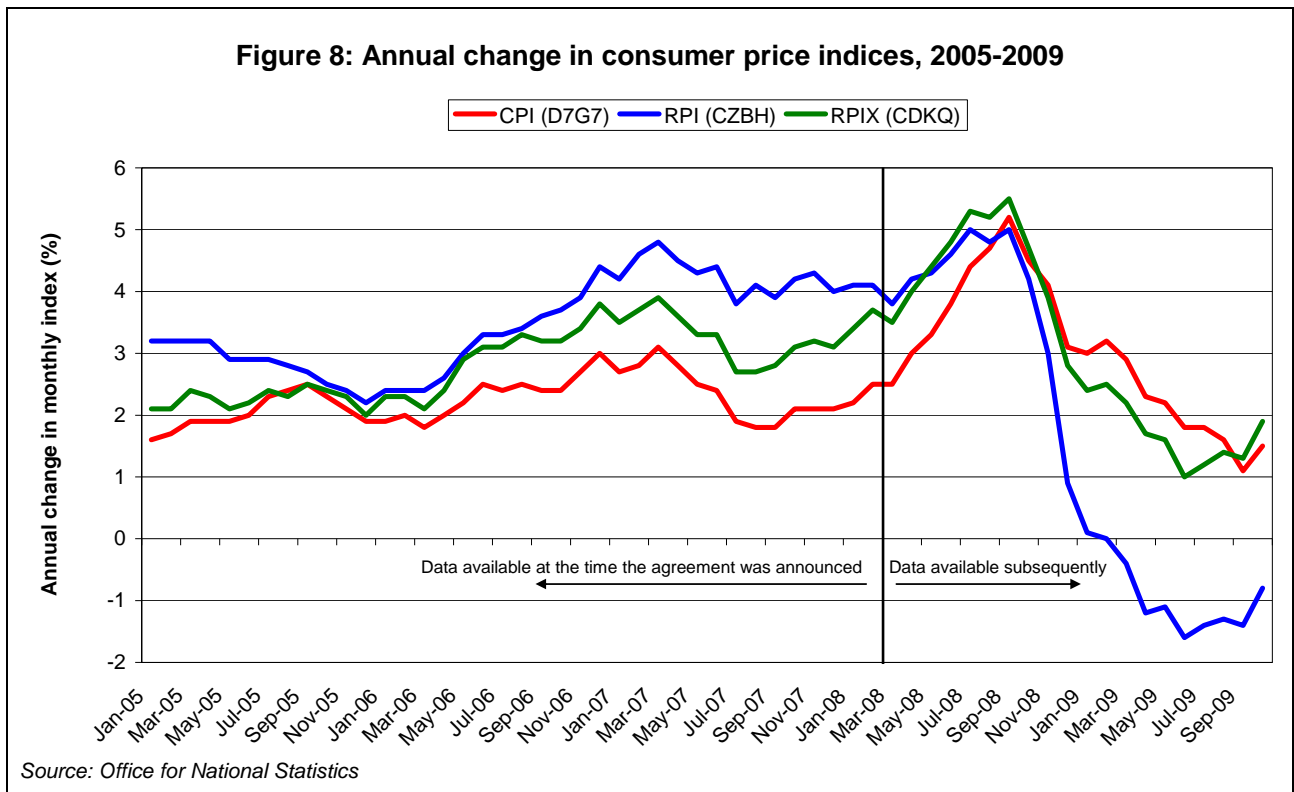
11. The UK is in recession, with output (GDP) now almost 6% below the level in the first quarter of 2008 having fallen for six consecutive quarters (see Figure 7). The 0.3% fall in the most recent quarter (2009 Q3), however, was substantially smaller than the 2.5% fall in 2009 Q1.
12. The recession has affected all industries by varying degrees: *service industries*, which make up more than three-quarters of total output weights, have shown negative growth for the last five quarters; within this, *business services and finance*, comprising more than 30% of GDP weights, saw output fall by 2.9% in 2009 Q1 alone.



<sup>30</sup> ONS (2009) *UK Output, Income and Expenditure*, 3<sup>rd</sup> Quarter 2009.

## Inflation<sup>31</sup>

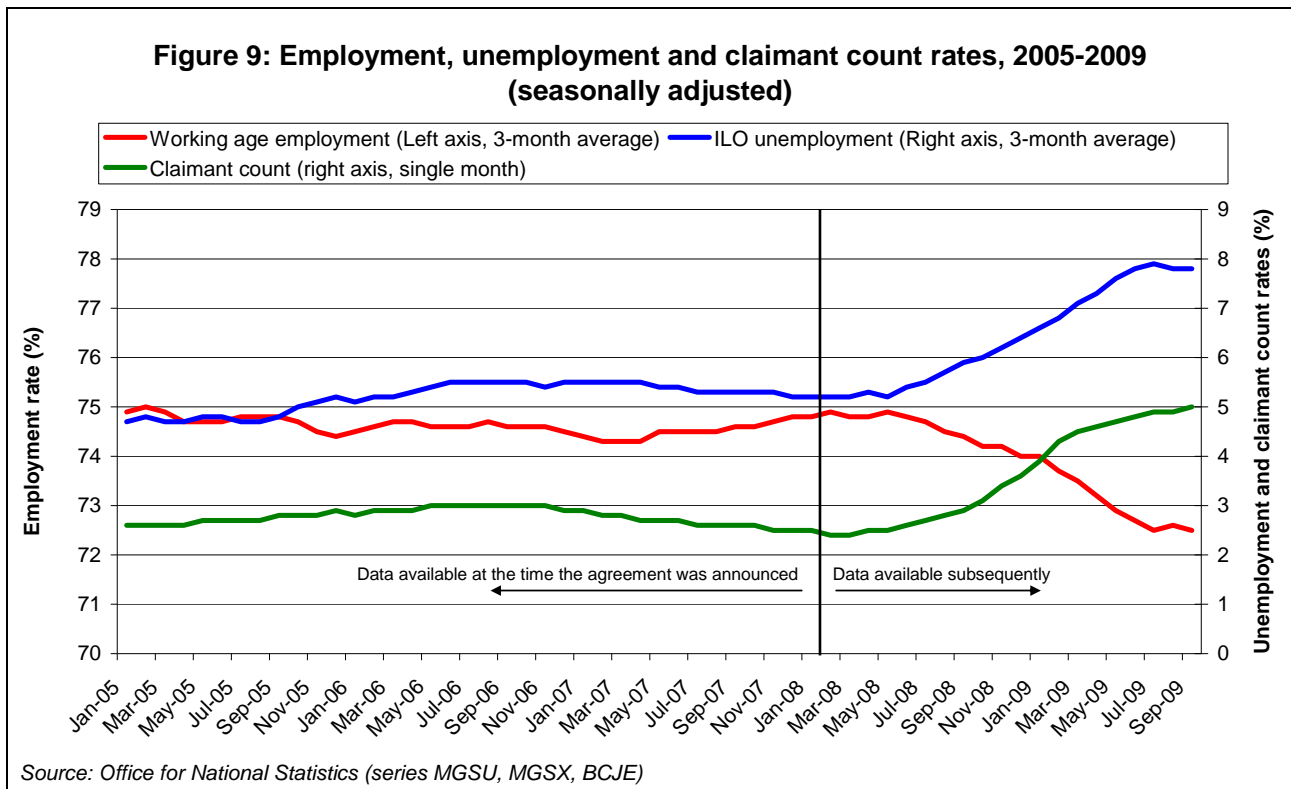
13. Headline CPI inflation in February 2008 – the latest available data at the time the parties' agreement was announced – was 2.5%, with RPI at 4.1% and RPIX at 3.7%. In the months immediately following, inflation rose sharply (Figure 8), but since September 2008, all measures of inflation have fallen just as steeply (or more steeply in the case of RPI). In October 2009, headline CPI was 1.5%, with RPI at minus 0.8% and RPIX at 1.9%.
14. The main upward pressures on CPI in the 12 months to October 2009 came from *transport*, within which the price of second-hand cars rose by 13.2%; *recreation and culture* (up 2.0%); and *food and non-alcoholic beverages* (up 2.2%). Downward contributions to headline CPI came from *clothing and footwear* (down 6.8%) and *housing and household services* (down 1.3%).
15. The RPI has been affected by the same upward and downward pressures noted above, but became negative in March 2009 for the first time since 1960 due to a fall in prices of items relating to housing (driven by mortgage interest payments), which are not included in the CPI.



<sup>31</sup> ONS (2009) *Consumer Price Indices, October 2009*.

## Employment and Unemployment<sup>32</sup>

16. From an historically high level of 29.5 million in the three months ending May 2008, employment has decreased, with employment levels in the three months to September 2009 down by 490,000 on a year earlier. The employment rate in the three months to September 2009 was 72.5%, a decrease of 1.9 percentage points compared with the three months to September 2008 (Figure 9).
17. Unemployment on the ILO measure was 2.46 million in the three months to September 2009, an increase of 30,000 on the preceding three months and up 629,000 on a year earlier. The ILO unemployment rate for the same three month period in 2009 was 7.8%, an increase of 2.0 percentage points on the same period in 2008.
18. The claimant count was 1.64 million in October 2009, up 632,700 compared with October 2008. The claimant unemployment rate was 5.1%, up from 3.1% in October 2008.
19. The number of job vacancies was 428,000 in the three months to October 2009, the lowest since records began in June 2001, and lower by 154,000 compared with the three months to October 2008. There were 1.6 vacancies per 100 employee jobs, the lowest ratio on record, and a reduction of 0.6 over the year.

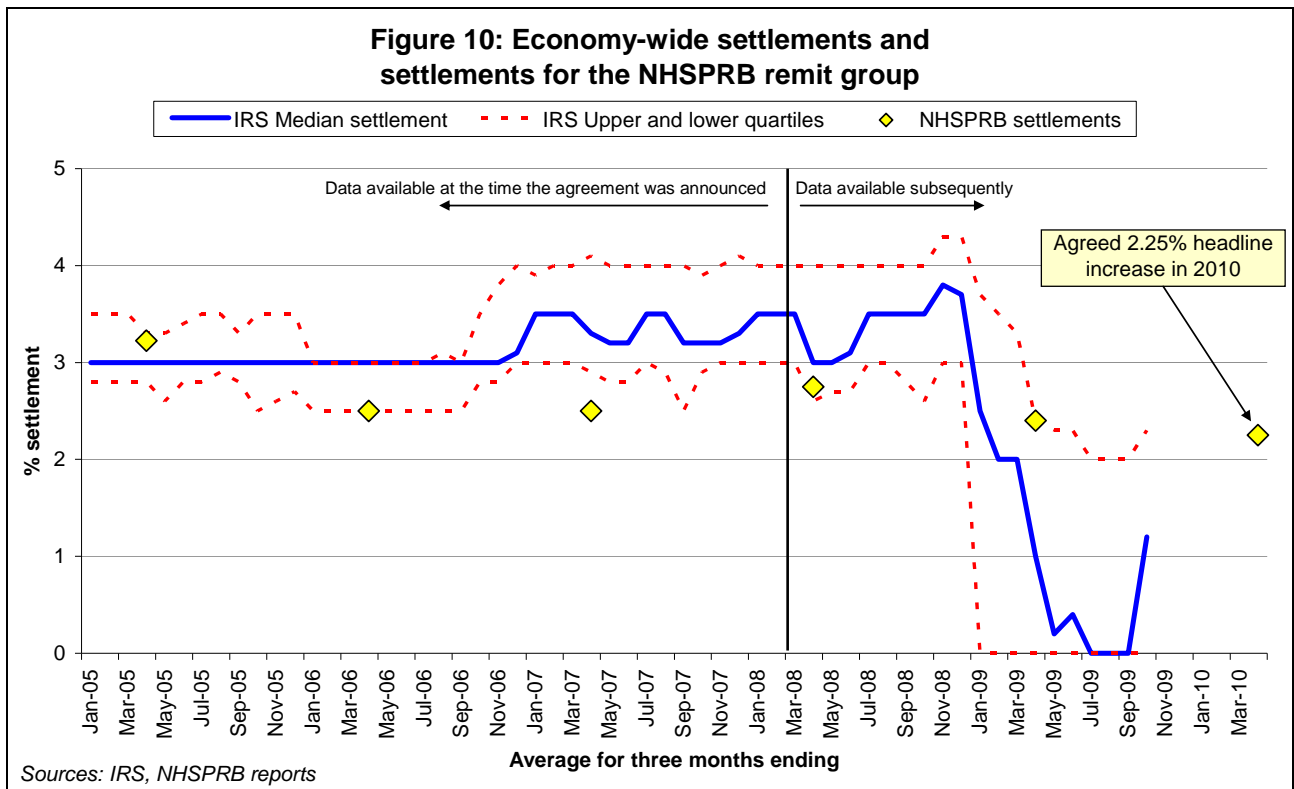


<sup>32</sup> Op.cit. ONS, *Labour Market Statistics*, Tables 1, 10 and 21.

## Pay Settlements

20. Analysis from Industrial Relations Services<sup>33</sup> indicates that median pay settlements in the whole economy have fallen substantially in recent months (Figure 10). The lower quartile of pay settlements has been zero since the three months ending January 2009, indicating that at least a quarter of settlements have been pay freezes.

21. Pay awards for staff in the NHSPRB remit group are shown for comparison, in April each year. The figure of 2.25% for 2010 is the pay uplift in the pay agreement negotiated by the parties.

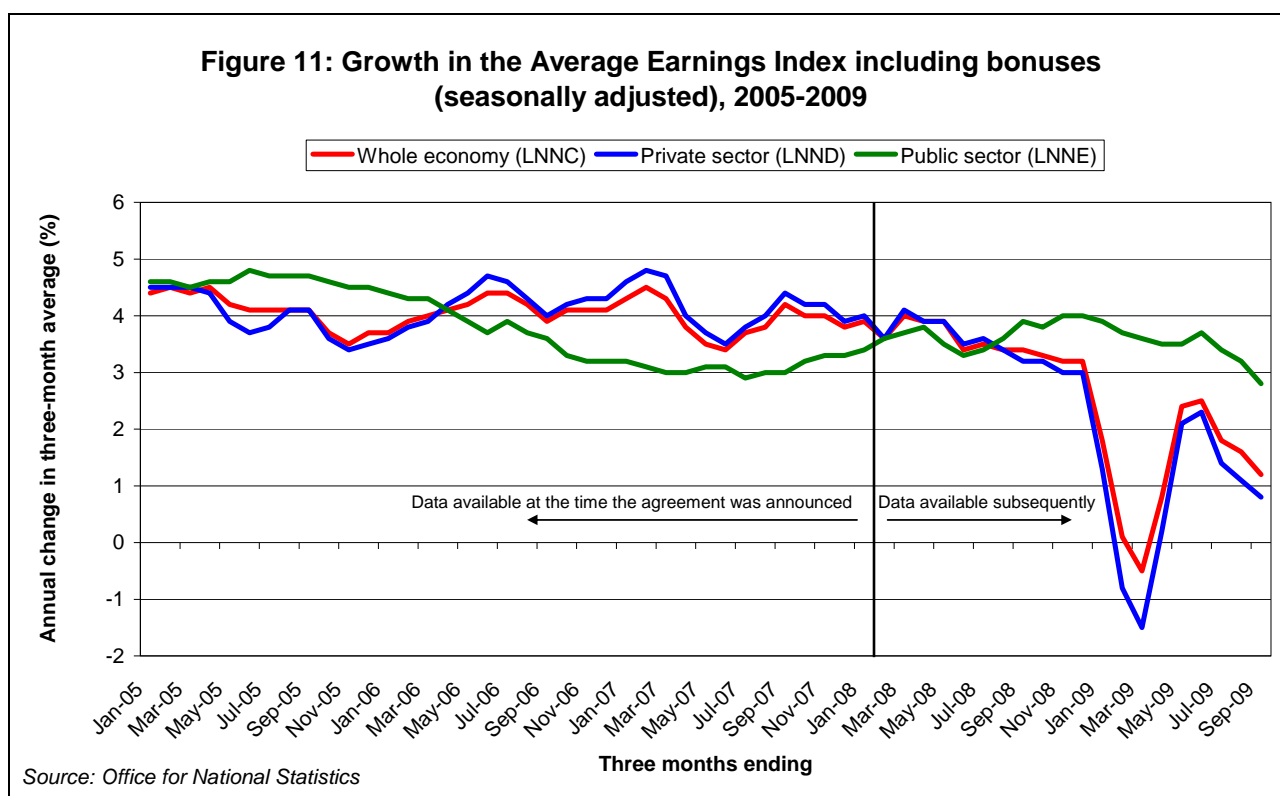


<sup>33</sup> Industrial Relations Services (2009) *IRS Employment Review 934*.

## Earnings

### *Economy-wide Earnings Growth*

22. Figure 11 shows that headline earnings growth including bonuses in the public sector has exceeded that in the private sector since August 2008<sup>34</sup>, though prior to this earnings growth in the private sector was greater than or equal to that in the public sector for a period of 28 months.
23. The headline growth in earnings in the private sector exclusive of bonus payments<sup>35</sup> was 1.5% in the three months ending September 2009, compared with 2.8% in the public sector; in the same period in September 2008, earnings growth excluding bonuses was 3.6% and 3.9% in the public and private sectors respectively.



### *Earnings of the NHSPRB Remit Group in England*

24. Figures 12 and 13 respectively show median total earnings<sup>36</sup> and basic salary<sup>37</sup> on a “worked full-time equivalent”<sup>38</sup> basis in England by main staff

<sup>34</sup> Op.cit. ONS, *Labour Market Statistics*, Table 15.

<sup>35</sup> Ibid. Table 16.

<sup>36</sup> Total earnings include: basic salary determined by AfC spine points; hours-related pay, such as on-call, shift working and overtime; location payments such as location allowances and other local payments; recruitment and retention premia (RRPs); and other payments such as occupational absence and protected pay.

<sup>37</sup> Basic salary relates solely to AfC spine points. Growth in basic salary includes: uplift to AfC pay scales; incremental pay progression; and changes in the distribution of the workforce on AfC spine points.

<sup>38</sup> Earnings per worked FTE is a notional figure showing how much would be paid, on average, if all staff worked full-time. It is calculated by taking the sum of earnings for a staff group and dividing by the number of paid hours worked. Unpaid hours are not recorded.

group from 2007 to 2009<sup>39</sup>. In quarter 2 of 2009, managers had the highest median total earnings (£45,600), followed by qualified clinical staff (£35,300 for qualified ST&Ts; £35,000 for qualified ambulance staff outside London; £34,400 for qualified AHPs; and £32,900 for qualified nurses).

25. The increase in median total earnings (Figure 12) between 2008 Q2 and 2009 Q2 ranged from 2.8% for maintenance and works staff, to 7.4% for qualified ambulance staff (outside London). The increase in median *basic salary* (Figure 13) ranged from 5.0% for qualified AHPs to 9.9% for managers.

**Figure 12: Changes in median total earnings in England by main staff group, 2007-2009**

|   | Median total earnings |         |         | Year-on-year increase |                                 |
|---|-----------------------|---------|---------|-----------------------|---------------------------------|
|   | 2007 Q2               | 2008 Q2 | 2009 Q2 | 2007 Q2 – 2008 Q2     | 2008 Q2 – 2009 Q2 <sup>40</sup> |
| Qualified nurses                            | £29,500               | £30,900 | £32,900 | 4.7%                  | 6.5%                            |
| Unqualified nurses                          | £17,100               | £18,100 | £19,300 | 5.8%                  | 6.6%                            |
| Healthcare assistants & other support staff | £15,900               | £16,700 | £17,800 | 5.0%                  | 6.6%                            |
| Qualified AHPs <sup>41</sup>                | £32,100               | £32,800 | £34,400 | 2.2%                  | 4.9%                            |
| Qualified ST&Ts <sup>42</sup>               | £31,900               | £33,500 | £35,300 | 5.0%                  | 5.4%                            |
| Qualified ambulance staff (non-London)      | £32,200               | £32,600 | £35,000 | 1.2%                  | 7.4%                            |
| Managers                                    | £41,000               | £42,900 | £45,600 | 4.6%                  | 6.3%                            |
| Admin & clerical                            | £17,700               | £18,500 | £19,500 | 4.5%                  | 5.4%                            |
| Maintenance & works                         | £24,100               | £24,700 | £25,400 | 2.5%                  | 2.8%                            |

% NHS organisations using ESR      72%                      99%                      99%

Source: NHS Information Centre

**Figure 13: Changes in median basic salary in England by main staff group, 2007-2009**

|   | Median basic salary |         |         | Year-on-year increase |                                 |
|---|---------------------|---------|---------|-----------------------|---------------------------------|
|   | 2007 Q2             | 2008 Q2 | 2009 Q2 | 2007 Q2 – 2008 Q2     | 2008 Q2 – 2009 Q2 <sup>40</sup> |
| Qualified nurses                            | £24,800             | £25,400 | £26,800 | 2.4%                  | 5.5%                            |
| Unqualified nurses                          | £14,500             | £15,500 | £16,300 | 6.9%                  | 5.2%                            |
| Healthcare assistants & other support staff | £13,200             | £13,600 | £14,700 | 3.0%                  | 8.1%                            |
| Qualified AHPs                              | £30,800             | £31,800 | £33,400 | 3.2%                  | 5.0%                            |
| Qualified ST&Ts                             | £27,600             | £29,200 | £30,800 | 5.8%                  | 5.5%                            |
| Qualified ambulance staff (non-London)      | £24,800             | £25,400 | £26,800 | 2.4%                  | 5.5%                            |
| Managers                                    | £38,400             | £40,300 | £44,300 | 4.9%                  | 9.9%                            |
| Admin & clerical                            | £16,600             | £17,300 | £18,200 | 4.2%                  | 5.2%                            |
| Maintenance & works                         | £18,200             | £19,100 | £20,400 | 4.9%                  | 6.8%                            |

% NHS organisations using ESR      72%                      99%                      99%

Source: NHS Information Centre

<sup>39</sup> NHS IC (2009) *NHS Staff Earnings Estimates*.

<sup>40</sup> Between 2008 quarter 2 and 2009 quarter 2, there were two increases in the value of AfC spine points: the 2008 pay increase of 2.75% was paid late (July 2008) and the 2009 pay increase of 2.4% was paid on time (April 2009). The cumulative effect of these two increases in the value of AfC spine points was approximately 5.3% between 2008 quarter 2 and 2009 quarter 2.

<sup>41</sup> Allied health professionals (AHPs).

<sup>42</sup> Scientific, therapeutic and technical staff (ST&Ts).

## Earnings of the NHSPRB Remit Group in the UK Relative to Other Employees

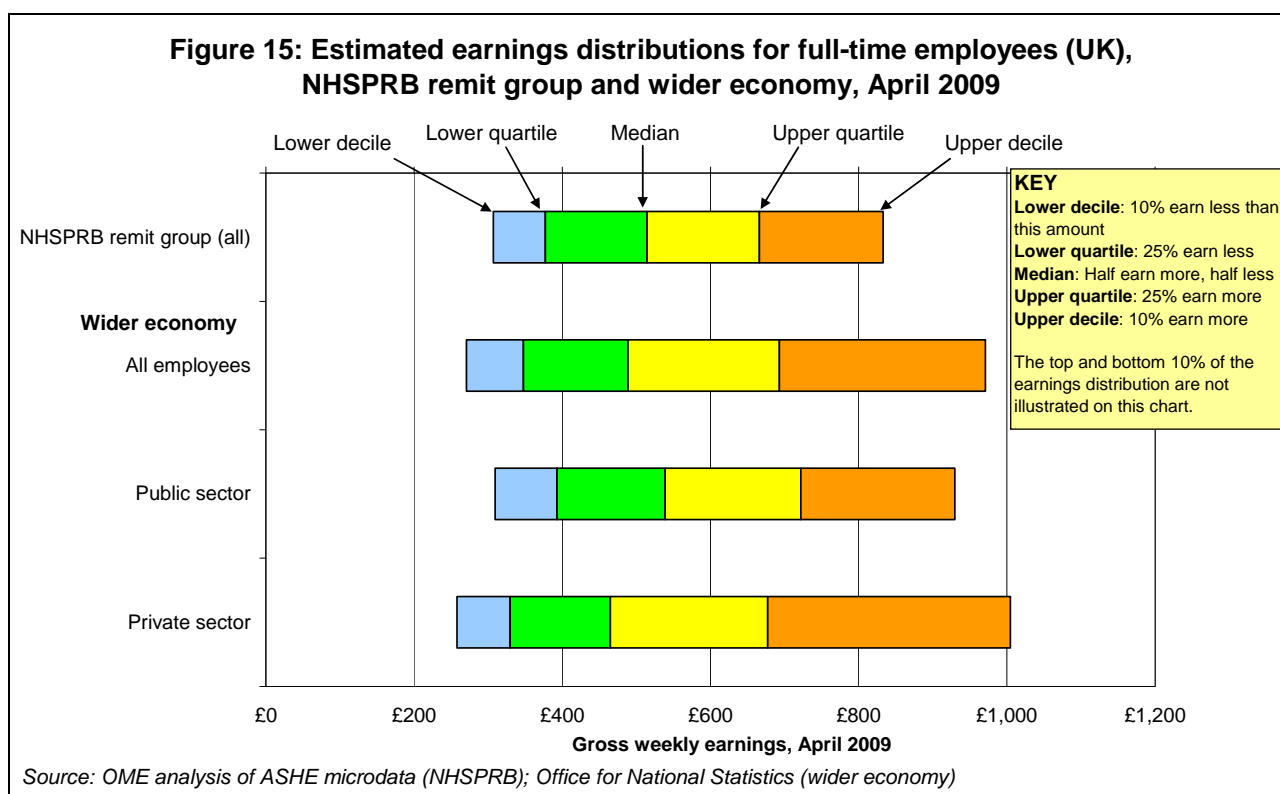
26. Analysis of data from the 2009 Annual Survey of Hours and Earnings (ASHE)<sup>43</sup> indicates that the median gross weekly pay of full-time employees<sup>44</sup> in the NHSPRB remit group in April 2009 slightly exceeded that of full-time employees in the wider economy (Figures 14 and 15). It should be noted, however, that the occupational makeup in the NHSPRB remit group is very different to the wider economy, with a far greater proportion of professionally-qualified staff in the NHS than in the wider economy. The earnings distribution for the NHSPRB remit group was more compressed than that for all employees, indicating that there were fewer relatively low and relatively high earners in the NHSPRB remit group.

27. The median gross weekly pay of the NHSPRB remit group was slightly less than in the wider public sector, but growth in median weekly pay for the NHSPRB remit group has exceeded that for the wider public sector each year since 2007.

**Figure 14: Changes in median gross weekly pay for full-time employees (UK), April 2005-2009**

|                | Median gross weekly pay (£) (April) |      |      |      |      | Year-on-year increase (%) |         |         |         |
|----------------|-------------------------------------|------|------|------|------|---------------------------|---------|---------|---------|
|                | 2005                                | 2006 | 2007 | 2008 | 2009 | 2005-06                   | 2006-07 | 2007-08 | 2008-09 |
| NHSPRB         | 447                                 | 450  | 473  | 496  | 514  | 0.5                       | 5.2     | 4.9     | 3.7     |
| All employees  | 431                                 | 444  | 458  | 479  | 489  | 2.9                       | 3.2     | 4.7     | 2.0     |
| Public sector  | 476                                 | 484  | 501  | 523  | 539  | 1.7                       | 3.6     | 4.3     | 3.1     |
| Private sector | 411                                 | 426  | 440  | 460  | 465  | 3.7                       | 3.1     | 4.6     | 1.0     |

Source: ASHE. Data relate to full-time workers on adult rates whose pay was not affected by absence



<sup>43</sup> ONS, 2009 Annual Survey of Hours and Earnings.

<sup>44</sup> Employees on adult rates whose pay for the pay-survey period was not affected by absence.

## Recruitment and Retention of Pharmacists

### Pharmacy Establishment and Vacancy Survey<sup>45</sup>

28. Figure 16 shows total vacancy rates<sup>46</sup> for qualified pharmacists by AfC band, aggregated to show results for all countries participating in each survey<sup>47</sup>. For qualified pharmacists as a whole, the total vacancy rate has increased each year since 2006<sup>48</sup>. This was also true of the total vacancy rate at band 6, but in band 7 the vacancy rate decreased in 2008, then increased in 2009.

**Figure 16: Total vacancy rates for qualified pharmacists by Agenda for Change bands, 2006-2009**

| Year               | Participating UK countries       | Total vacancy rate (%) |        |         |         |         |         |        |         |
|--------------------|----------------------------------|------------------------|--------|---------|---------|---------|---------|--------|---------|
|                    |                                  | Band 6                 | Band 7 | Band 8a | Band 8b | Band 8c | Band 8d | Band 9 | Overall |
| 2006 <sup>49</sup> | England, Scotland, Wales         | 16.8                   | 11.0   |         |         | 3.6     |         |        | 11.7    |
| 2007               | England, Wales                   | 17.2                   | 18.0   | 8.1     | 6.3     | 5.4     | 2.5     | 4.1    | 12.0    |
| 2008               | England, Wales, Northern Ireland | 22.2                   | 16.9   | 10.2    | 8.8     | 6.0     | 2.8     | 1.9    | 13.2    |
| 2009               | All UK countries                 | 24.7                   | 19.0   | 10.0    | 7.3     | 5.6     | 2.2     | 4.6    | 13.7    |

29. Figure 17 shows three-month vacancy rates<sup>50</sup> for qualified pharmacists by AfC band. These data have only been collected since 2008, and show an increase in the three-month vacancy rate for pharmacists in all bands between 2008 and 2009, with the exception of bands 8d and 9.

**Figure 17: Three-month vacancy rates for qualified pharmacists by Agenda for Change bands, 2008-2009**

| Year | Participating UK countries       | Three-month vacancy rate (%) |        |         |         |         |         |        |         |
|------|----------------------------------|------------------------------|--------|---------|---------|---------|---------|--------|---------|
|      |                                  | Band 6                       | Band 7 | Band 8a | Band 8b | Band 8c | Band 8d | Band 9 | Overall |
| 2008 | England, Wales, Northern Ireland | 14.8                         | 10.1   | 6.4     | 4.1     | 2.7     | 2.5     | 1.0    | 8.0     |
| 2009 | All UK countries                 | 20.9                         | 14.1   | 7.2     | 5.1     | 4.3     | 1.4     | 0.9    | 10.5    |

30. Figure 18 presents regional data from the 2009 PEVS, statistics from the Health Departments' vacancy surveys, and changes since 2008. Total and three-month vacancy rates increased in bands 6 and 7 in most UK regions.

<sup>45</sup> NHSPEDC, *National NHS Pharmacy Establishment and Vacancy Survey 2009* (PEVS).

<sup>46</sup> The total vacancy rate is defined as the number of posts that were unoccupied by permanent staff on a particular date, 31 May 2009, as a percentage of the funded establishment.

<sup>47</sup> Source: NHSPEDC Pharmacy Establishment and Vacancy Surveys. In 2006 and 2007, data were collected only for acute and mental health trusts: since 2008, data have also been collected for primary care trusts and local health boards.

<sup>48</sup> Since 2006, the survey has been conducted annually.

<sup>49</sup> In 2006, data were presented for "junior" (AfC band 6 and Whitley grades A-C), "middle" (AfC bands 7-8b and Whitley grades D-E) and "senior" pharmacists (AfC bands 8c-9 and Whitley grades F-H) because implementation of the Agenda for Change pay system was not complete.

<sup>50</sup> The three-month vacancy rate is defined as the number of posts that were unoccupied by permanent staff on 31 May 2009 that had been vacant for three months or more, as a percentage of the funded establishment.

**Figure 18: Staffing establishments and vacancy rates for qualified pharmacists by UK country and region**

|                        | Pharmacy Establishment and Vacancy Survey <sup>51</sup> |              |              |  |             |                |   |             |                | Health Departments' vacancy surveys <sup>52</sup>     |   |
|------------------------|---|--------------|--------------|--|-------------|----------------|---|-------------|----------------|---|---|
|                        | Staffing establishment (2009)                           |              |              | Total vacancy rate 2009 (posts not permanently occupied)<br><i>Comparison with 2008 survey</i> |             |                | 3-month vacancy rate 2009 (posts vacant for three months or more)<br><i>Comparison with 2008 survey</i> |             |                | Total vacancy rate (%)<br><i>Comparison with 2008</i> | 3-month vacancy rate (%)<br><i>Comparison with 2008</i> |
|                        | Band 6  | Band 7       | Bands 8a-9   | Band 6 (%)   | Band 7 (%)  | Bands 8a-9 (%) | Band 6 (%)  | Band 7 (%)  | Bands 8a-9 (%) |   |   |
| North East             | 62  | 85           | 257          | 26.6 +6.6  | 25.6 -2.9   | 14.6 +4.0      | 37.7 +17.6  | 11.2 -1.2   | 6.9 +1.2       | 22.3 +15.0  | 1.2 -1.2  |
| North West             | 173   | 237          | 660          | 38.8 +7.1  | 18.5 -1.7   | 9.4 +2.7       | 35.8 +10.5  | 13.9 +4.9   | 7.7 +4.2       | 0.0 -4.5  | 1.8 +1.1  |
| Yorkshire & Humber     | 112   | 142          | 473          | 15.6 -3.4  | 24.0 +8.9   | 6.2 -1.1       | 14.3 -1.6   | 18.1 +3.1   | 5.1 -0.9       | 0.0 -5.2  | 1.7 +0.1  |
| East Midlands          | 86  | 132          | 274          | 18.6 +1.1  | 19.5 +7.1   | 4.0 -4.6       | 15.1 +8.2   | 14.9 +5.6   | 6.2 +1.7       | 18.8 +14.8  | 1.7 +0.0  |
| West Midlands          | 109   | 114          | 418          | 22.9 -3.1  | 20.6 +3.6   | 9.3 +4.2       | 18.2 +3.3   | 18.0 +4.5   | 5.3 +0.3       | 2.2 -0.5  | 1.4 +1.0  |
| East of England        | 111   | 158          | 352          | 33.2 +1.7  | 27.5 +15.1  | 12.7 -1.8      | 28.4 +5.5   | 13.3 +5.4   | 5.2 -2.3       | 1.5 -4.4  | 2.6 +2.0  |
| London                 | 352   | 406          | 898          | 21.7 +1.9  | 18.6 +0.8   | 11.0 -0.2      | 12.2 +3.9   | 12.1 +4.4   | 7.7 +2.2       | 6.9 +4.2  | 1.3 +0.6  |
| South East Coast       | 78  | 116          | 267          | 21.8 -4.7  | 23.0 +5.0   | 8.8 +0.3       | 21.8 +3.2   | 19.3 +9.8   | 5.7 +1.6       | 10.1 +5.5   | 1.1 +0.3  |
| South Central          | 83  | 116          | 278          | 13.7 +3.8  | 22.8 -2.0   | 9.6 -2.6       | 11.1 +4.3   | 19.7 +8.0   | 6.9 +1.0       | 0.0 -4.4  | 1.5 +0.5  |
| South West             | 101   | 133          | 282          | 22.0 -8.8  | 13.7 -5.8   | 4.1 -0.4       | 13.3 -7.7   | 7.4 -8.1    | 2.6 -1.4       | 9.1 +4.0  | 0.6 -0.3  |
| England                | 1,267   | 1,637        | 4,160        | 24.1 +0.6  | 20.7 +2.6   | 9.2 +0.3       | 19.6 +4.3   | 14.3 +3.8   | 6.3 +1.1       | 5.3 +0.9  | 1.5 +0.5  |
| Wales                  | 62  | 72           | 388          | 9.8 +9.8   | 19.5 +13.6  | 3.5 -1.1       | 8.8 +7.1  | 13.5 +8.9   | 2.5 +0.2       | n/a   | 1.0 -0.9  |
| Scotland <sup>53</sup> | 162   | 301          | 561          | 40.5   | 11.5        | 4.0            | 39.3  | 11.8        | 4.0            | n/a   | n/a   |
| Northern Ireland       | 88  | 184          | 102          | 13.9 -3.5  | 16.6 +5.4   | 5.9 -4.4       | 13.6 -2.6   | 16.6 +6.5   | 7.8 +3.1       | 3.6 -1.9  | 0.3 -1.4  |
| <b>UK<sup>54</sup></b> | <b>1,580</b>  | <b>2,195</b> | <b>5,212</b> | <b>24.7</b>  | <b>19.0</b> | <b>8.2</b>     | <b>20.9</b>   | <b>14.1</b> | <b>5.8</b>     | <b>5.2 +0.9<sup>55</sup></b>                          | <b>1.4 +0.4</b>   |

n/a

Not available

<sup>51</sup> Vacancies are defined as posts not permanently occupied: this includes posts occupied by locums on 31 May each year.

<sup>52</sup> Vacancies are defined as posts to which NHS organisations are actively recruiting. Data relate to March 2009, and change since 2008. Sources: NHS IC (England), StatsWales, DHSSPS, Northern Ireland. Data are not collected in Scotland.

<sup>53</sup> Scotland did not take part in the 2008 PEVS. This was explained by SGHD as being due to outstanding AfC banding issues. No official data are collected on vacancies for pharmacists in Scotland at present: the vacancy survey in Scotland is limited to nursing and AHP staff.

<sup>54</sup> UK data are not directly comparable between 2008 and 2009 because Scotland did not take part in the 2008 survey.

<sup>55</sup> OME calculations, based on a weighted average of total vacancy rates (England and Northern Ireland only) and three-month vacancy rates (England, Wales and Northern Ireland).