Simply the best?

Making the NHS a leader in good employment

February 2020

centre for **progressive policy**

Executive Summary

About this report

Population health is a cornerstone of inclusive economic growth. Our year-long inquiry into the future of health underlined the reciprocal relationship between health and the economy and explored the importance and limitations of the NHS in delivering better health nationwide.[1] The beating heart of the NHS is its workforce, and in March this year, the NHS will publish its *People Plan* to outline how it will meet ambitious recruitment and retention targets in the face of rising demand and uncertainty about its post-Brexit labour supply. Against this background, this report examines the role of the health service as an employer and provider of good jobs — utilising *CPP's Good Employer Index* to rank all 223 NHS trusts. This allows us to comprehensively answer the following key questions:

- To what extent is the NHS a good employer relative to other large employers?
- How and why does employment practice vary across the NHS?
- How is the NHS a force for 'levelling up' pay and employment practices across the country?

All data analysis referred to in this report relates to NHS institutions in England.

Summary of key findings

- The NHS ranks 9th out of 26 in *CPP's Good Employer Index*. The NHS falls particularly short on social mobility and commitment to the real Living Wage.[2]
- There are big variations across NHS trusts: four trusts at the top end have similar scores to the top employer in our index (John Lewis) and four at the bottom end have worse scores than the organisation at the bottom of our index (Capita).
- Trusts that perform well in the index tend to have higher CQC ratings and greater patient satisfaction. They are also more likely to be in financial surplus.
- The NHS is broadly place-neutral on employment practice:
  - The NHS's universal pay scales help to level up pay across the country. Areas that have higher than average median pay for non-NHS employment do pay NHS staff more, but the relationship is less than 1:1. For instance, in an area where local pay is 10% higher than average, NHS staff would expect to earn 5% more than the average median pay across the health service.
  - But universal pay scales present a problem. Trusts in areas with higher non-NHS pay (and a higher cost of living) have lower staff satisfaction, lower overall employment scores and higher turnover — with London trusts performing particularly badly.
  - There is increasing emphasis on the NHS's wider role as economic anchor, particularly within deprived communities where the healthcare sector accounts for a large part of the local economy. However, CPP analysis reveals that trusts in these areas perform no better or worse in terms of employment practice than anywhere else.
- There are clear differences in employment practice by type of trust:
  - Community trusts are mostly, but not exclusively, ranked towards the top of the index. They are more likely to be signed up to schemes such as being a Disability Confident employer, or the real Living Wage, and have a lower gender pay gap.
  - All ten ambulance trusts are in the bottom 11. Ambulance trusts scored particularly poorly for work-life balance, reporting high levels of overtime, while staff also gave poor ratings for career opportunities and training.
  - Acute and mental health trusts are mostly in the middle within a moderate range of scores.

> There is increasing emphasis on the NHS's wider role as economic anchor particularly within deprived communities where the healthcare sector accounts for a large part of the local economy

Headline implications for raising NHS employment performance:

- Overall, trusts need to improve on social mobility and commit to paying the real Living Wage (£9.30 across the UK and £10.75 in London) in order to boost their index scores. Whether trusts can afford to do this will, in part, depend on how the proposed cash injection for the NHS is allocated.
- London has a higher concentration of low-ranking trusts, driven by higher non-NHS pay and cost of living. In this context, the NHS will need to consider how best to balance universal pay scales against the NHS's ability to attract and retain staff in all places.
- The key to driving up the overall NHS employer score is facilitating quicker catch-up for laggard trusts. This means:
  - Greater focus on improving the employment practices of ambulance trusts which consistenly have the worst rankings in the index. As a first step, it is important that the NHS and HEE fully implement the workforce recommendations from Lord Carter's

1 Centre for Progressive Policy (2019) *Beyond the NHS: Addressing the root causes of poor health.* Available at: https://www.progressive-policy.net/downloads/files/Beyond-NHS.pdf

2 Living Wage Foundation (2019) Available at: https://www.livingwage.org.uk/what-real-living-wage

Review into unwarranted variation in ambulance trusts and extend the National Retention Programme to ambulance staff.
- Ensuring that community trusts can continue to lead the way on employment practice. Alongside the additional funding for community health services announced in the Long Term Plan, there is an opportunity for community trusts to leverage their position as good employers to improve recruitment and retention.
- Given the large variation in performance across trusts, the NHS should consider formal mechanisms for the exchange of knowledge, support and resources between exemplar and low-ranking trusts. For instance, the NHS could create a national Employer Vanguard. This would bring together the very best employers to construct best practice pathways for different types of trusts.
- To grow the NHS's role as an anchor institution, there needs to be a renewed focus on developing strong, collaborative and outward looking leadership centred on the health service's role within places — both in terms of healthcare delivery and more widely as an economic agent. Ensuring this philosophy is fully ingrained into future competency frameworks, guidelines and training for leaders will be the next key steps.

Background: Facing up to workforce headwinds

The NHS is an iconic British institution which commands strong support across the political spectrum. Maintaining and growing the NHS's capabilities was a critical campaigning issue for all mainstream parties at the 2019 General Election. Ensuring the NHS has the right workforce to meet current and anticipated demand is one of the central challenges it faces, and this will become increasingly difficult given severe demand and supply-side headwinds.

On the demand-side, an ageing population has meant that the number of people with long-term health conditions has increased and is projected to rise further. According to Public Health England, the number of people with type 2 diabetes, which currently costs the NHS £8.8 billion a year to treat, is projected to rise from 4 to 5 million by 2035. Similarly, dementia and Alzheimer's has now become the leading cause of mortality in women and may overtake heart disease as the biggest cause of death amongst men.[3] Such conditions require intensive long-term management and coordination with non-health sectors such as adult social care and social services (amongst others).

Another driver of rising demand is the growing gap in health outcomes between rich and poor: recent research shows inequalities in health by income have widened for successive British cohorts.[4] The evidence suggests that socioeconomic status is very important in determining the risk of ill health occurring, but less important in determining the chances of dying after the onset of poor health.[5] In this respect, earlier prevention will be critical to improving the nation's health and limiting overall future demand for healthcare.

These challenges will require extra resources for the NHS to meet rising needs, as well as different ways of working to better support prevention and improve population health.

On the supply-side, there is already a shortage of more than 100,000 NHS workers. The King's Fund argues this is a function of several factors, namely: fragmentation of responsibility for workforce issues at national level; poor workforce planning; cuts in funding for training places; restrictive immigration policies exacerbated by Brexit; and high numbers of doctors and nurses leaving their jobs early.[6] Without action, and in the face of rising demand, the situation could get significantly worse with the shortage plausibly rising to 350,000 by 2030.[7]

100,000

shortage of NHS workers

In the face of these headwinds, the NHS is committed to publishing a *People Plan* which will lay the foundations for the future of the entire NHS workforce. An interim version of this plan published in summer 2019 set out several key goals, including:

- Making the NHS the best place to work
- Improving leadership culture
- Addressing urgent workforce shortages in nursing
- Delivering 21st century care
- A new operating model for the NHS.

The aspiration of the *People Plan* is therefore to go beyond plugging current workforce gaps, and towards a new way of working which brings prevention, health inequalities and the quality of care to the forefront.[8] In this context, there is a growing recognition of the NHS's role not just as a health service but also as an

3 Newton, J. and Fitzpatrick, J. (2018) *Health Profile for England: the health of England today and into the future*. Public Health England. Available at: https://publichealthmatters.blog.gov.uk/2018/09/11/health-profile-for-england-the-health-of-england-today-and-into-the-future/

4 Jivraj, S. (2020) *Are self-reported health inequalities widening by income? An analysis of British pseudo birth cohorts born, 1920–1970* Journal of Epidemiology & Community Health. Available at: https://doi.org/10.1136/jech-2019-213186

5 Dugravot, A. et al. (2019) *Social inequalities in multimorbidity, frailty, disability, and transitions to mortality: a 24-year follow-up of the Whitehall II cohort study.* The Lancet Public Health. Available at: https://doi.org/10.1016/S2468-2667(19)30226-9

6 The King's Fund (2018) *The health care workforce in England.* Available at: https://www.kingsfund.org.uk/sites/default/files/2018-11/The%20health%20care%20workforce%20in%20England.pdf

7 Ibid

8 NHS (2019) *Interim NHS People Plan. Available at:* https://www.longtermplan.nhs.uk/wp-content/uploads/2019/05/Interim-NHS-People-

economic and social agent. Its role as an 'anchor' within local communities is therefore growing in prominence and this is referred to in both the NHS Long-term Plan and the interim *People Plan*.[9]

Understanding the reality vs aspiration

Given the workforce challenges facing the health service and the aspirations set out within the interim *People Plan*, this report reveals a new insight into the current state of the NHS as an employer. It does this by utilising CPP's good employer measurement tool that was developed in 2019.[10] This is supplemented with additional information from the NHS Staff Survey to give a detailed picture of employment practices across NHS trusts.[11] We use this data to explore the following questions:

- To what extent is the NHS a good employer?
- How and why do employment practices vary across the NHS?
- What needs to improve for the NHS to become a better employer?
- To what extent is the NHS a force for levelling up employment across the country?
- Which trusts could make a sizeable difference as anchor institutions?

Measuring employment practices across NHS institutions

In late 2019, we published *The Good Life: the role of employers*. The report brought together data from a range of publicly available sources to give a comprehensive picture of the employment practices of the UK's largest organisations. The report introduced a new index for good employment, based on the most compelling evidence about what makes a good job and the data that were publicly available at organisation level. The index combined data from 14 different measures to produce an overall good employer score for each of the 25 largest employers in the UK, covering 2.3 million workers. Whilst the final report focused on a subset of these employers, the approach is scalable to a much wider sample.

With the above in mind, we use the same methods to explore the employment practices across all NHS trusts based in England. The use of consistent methodology and measures has the benefit of allowing us to compare the NHS with other large organisations.

There is additional data available at trust level (NHS Staff Survey) which enables a more detailed analysis of individual NHS trusts. Therefore, while we use the original framework and measures to compare the NHS with the 25 largest employers, we feed in this additional data to provide a more comprehensive picture when exploring trust-level differences (see Table 1 for all the measures used).[12] The aspects of good employment remain the same, as does the method used for weighting each of the measures.[13] Please refer to the separate technical appendix for more details on the methods used.

> The aspiration of the ***People Plan*** is to go beyond plugging current workforce gaps, and towards a new way of working which brings prevention, health inequalities and the quality of care to the forefront

Plan_ June2019.pdf

9 Anchor institutions are large, public sector organisations that are unlikely to relocate and have a significant stake in a geographical area. Employment and procurement are two important parts of an anchor's role but there are others such as use of land and estates and environmental sustainability.

10 Centre for Progressive Policy (2019) *The Good Life*. Available at: https://www.progressive-policy.net/downloads/files/CPP_Good-employer-index_web.pdf

11 We also explored employment practices across NHS oversight bodies including NHSE, NHSI and Department of Health.

12 This additional data improves the accuracy of the good employment measure, but does not undermine the credibility of the more basic index results. When plotting the relationship between the index results pre-and-post inclusion of Staff Survey results we estimate an R2 of 0.9, showing a very close fit.

13 All aspects of good employment are weighted equally. Given that some aspects contain more measures than others, this means measures in different aspects are assigned different weights.

Aspect of good employment	Measure name	Source[14]	Description	Good Employer Index or NHS Employer Index
Pay and benefits	Living Wage Foundation signatory	Standards organisation – LWF	Binary indicator showing whether the company has signed up to pay the real Living Wage in December 2019	Both
	National minimum wage violations	Government violations reporting – BEIS	Amount in arrears divided by the current number of employees (arrears records since 2011)	Both
	Industry relative pay	Crowdsource – Glassdoor + NHS Staff Survey	Review scores out of 5 extracted from Glassdoor. Linked to Staff Survey questions for NHS trusts	Both
	Median pay	Annual report data	Reported pay of median worker 2018/19	NHS only
Terms of employment	Employment Tribunals	Government violations reporting –gov.uk	Number of employment tribunal cases per 100,000 employees (from February 2017 to December 2019)	Both
Training and progression	Career opportunities	Crowdsource – Glassdoor + NHS Staff Survey	Review scores out of 5 extracted from Glassdoor. Linked to Staff Survey questions for NHS trusts	Both
Working conditions	Health and Safety Executive violation fines	Government violations reporting – HSE	Total fines for breaches from December 2016 onwards divided by the current number of employees	Both
	Surveyed: Workplace wellbeing award	Standards organisation – Mind	Level of award in Mind's 2018/19 Workplace Wellbeing Award with a score of 0 if no award	Good Employer only
	Surveyed: Recognition and support	NHS Staff Survey	Staff Survey responses on recognition and support	NHS only
	Surveyed: Intensity	NHS Staff Survey	Staff Survey responses related to time pressures and job intensity	NHS only
	Surveyed: Variety and autonomy	NHS Staff Survey	Staff Survey responses related to autonomy in work	NHS only
	Surveyed: Health and wellbeing	NHS Staff Survey	Staff Survey responses to employer's action on health and wellbeing. Binary indicator of whether employer is signed up	NHS only
	Mindful employer	Standards organisation – Devon Partnership NHS Trust	Binary indicator of whether employer is signed up	NHS only
Work–life balance	Work–life balance	Crowdsource – Glassdoor + NHS Staff Survey	Review scores out of 5 extracted from Glassdoor Linked to Staff Survey questions for NHS trusts	Both
Voice and representation	Employee owned	Standards organisation	Binary indicator showing whether the organisation is employee owned	Good Employer only
Diversity and recruitment	Gender pay gap	Government reporting requirement – gender pay gap service	Percentage difference in median hourly pay	Both
	Disability confident signatory score	Standards organisation	Level on the Disability Confident scheme in July 2019 from 1 to 3 with a score of 0 if not signed up	Both
	Pay ratio	Government reporting requirements – annual report data	Ratio between the pay of the CEO and the median employee	Both
	Report pay ratio	Government reporting requirements	Binary indicator showing whether the organisation publishes their pay ratio	Good Employer only
	Social Mobility Pledge signatory or Social Mobility Foundation	Standards organisation	Binary indicator showing whether the organisation is either a signatory to the Social Mobility Pledge or in the SMF's top 75 employers	Both
	Diversity Champion	Standards organisation – Stonewall	Employers score 1 if they are signed up, 2 if they feature in the top 100 and 0 otherwise	NHS only
	Surveyed: Equality, diversity & inclusion	NHS Staff Survey	Staff Survey theme score for equality, diversity and inclusion	NHS only

14 Full details of the sources and how they are used can be found in the online technical appendix.

Is the NHS a good employer?

With the *People Plan* focused on making the NHS the best employer, this section uses the index results to identify where the NHS is meeting this objective and where it is falling short.

When comparing the NHS with other large employers, our analysis uses the average across NHS trusts. This places the NHS 9th of 26, between the DWP and BT (see Table 2).[15]

Table 2: *CPP Good Employer Index for the NHS and the UK's 25 largest employers*

	Employer	Score		Employer	Score
1	John Lewis	0.71	14	HMRC	0.46
2	Barclays	0.63	15	Boots	0.45
3	RBS	0.61	16	Jaguar Land Rover	0.43
4	MoD	0.61	17	Co-op	0.43
5	Network Rail	0.60	18	Compass Group	0.42
6	HSBC	0.57	19	DHL	0.41
7	Lloyds	0.56	20	Royal Mail	0.39
8	DWP	0.55	21	Sainsbury's	0.39
9	**NHS**	**0.53**	22	Metropolitan Police	0.37
10	BT	0.49	23	Asda	0.36
11	MoJ	0.48	24	Associated British Foods	0.36
12	M&S	0.47	25	Morrisons	0.31
13	Tesco	0.46	26	Capita	0.30

9/26

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Looking at the individual measures of good employment, the NHS has a significantly lower CEO pay ratio and this includes being lower than average across large public sector employers.[16] The NHS also has fewer employment tribunals, lower fines, and better approval ratings. On the other hand, the NHS performs worse at signing up to accreditation schemes, most notably social mobility and the real Living Wage (see Chart 1).

NHS trusts have a slightly better gender pay gap than the average large employer, although it still exists: for every £1 men are paid in the NHS, women are paid around 90p. However, there is a large variation between trusts with one in ten having a gap of over 20p, whilst 1 in 4 trusts manage a relatively minimal gap of less than 5p. Only 3% of trusts pay the median woman more than the median man.

There is huge variation in employment practices across NHS institutions

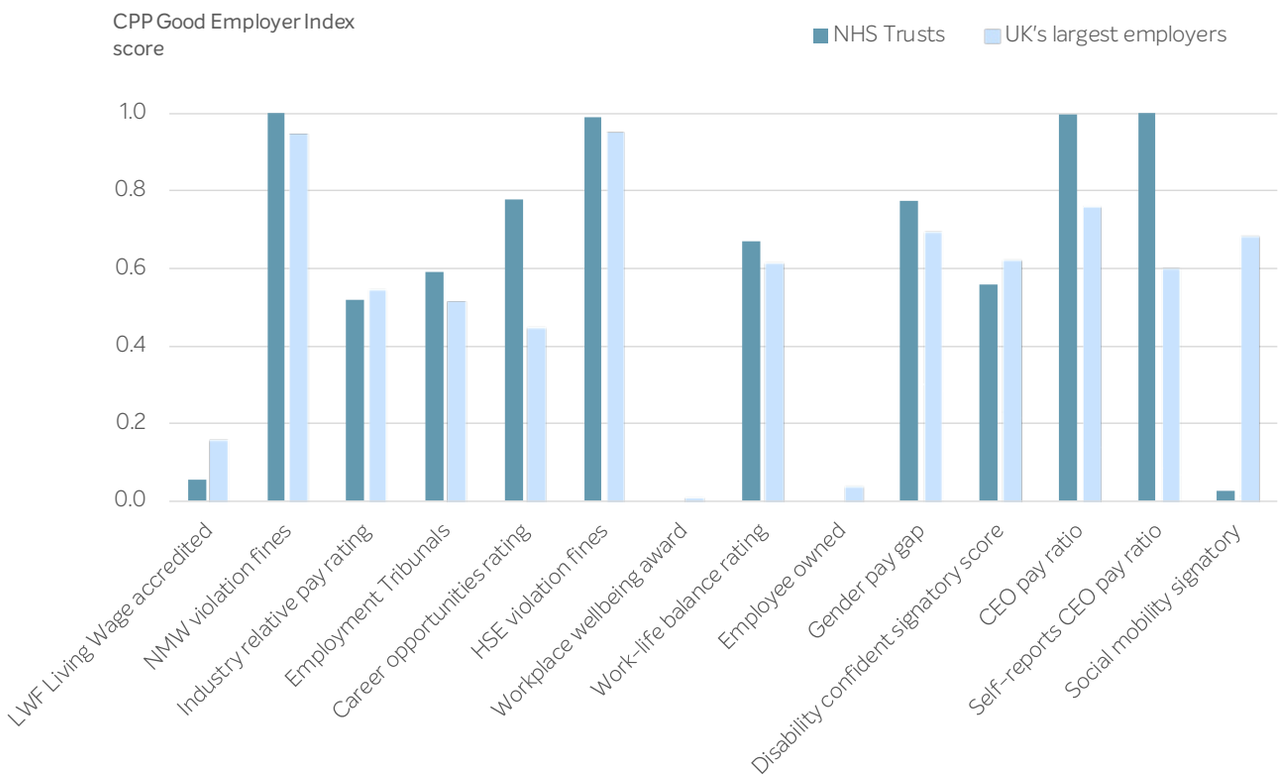
Because of the considerable differences between trusts, there is little use looking at the NHS's performance overall. Four trusts at the top end have similar scores to the top employer in our index (John Lewis) and four at the bottom end have worse scores than the organisation at the bottom of our index (Capita).

Of the indicators of good practice, employment tribunals show the greatest difference between the best and worst trusts. 14 trusts had at least three cases per 1,000 employees, more than any of the UK's 25 largest employers, whilst for a handful there was not a single case.[17]

To better understand these differences, we include additional information from the NHS Staff Survey and median pay levels before rerunning the index for NHS trusts.

15 Figures for the NHS refer to the average (unweighted mean) score of the 223 trusts in England, and exclude CCGs, NHS England and other central organisations.
16 Under the Public Expenditure System disclosure requirements, trusts have to report their pay ratios.
17 We measure employment tribunal cases as those where a decision is reported by the HM Courts and Tribunal Service over the last three years. These include cases that are withdrawn or found in favour of the employer.

Chart 1: Breakdown of average CPP Good Employer Index for NHS trusts and UK's 25 largest employers



The type of trust matters

There are clear differences in employment practice by type of trust. Community trusts are mostly, but not exclusively, ranked towards the top of the index. All ten ambulance trusts are in the bottom 11. Acute and mental health trusts are mostly in the middle within a moderate range of scores (see Chart 2).

Ambulance trusts have a significantly higher number of employment tribunals and score worse on all Staff Survey measures. These trusts are primarily made up of paramedics, a job that is noted for the physical and mental demands placed on employees. The National Audit Office (NAO) found that most trusts were struggling to recruit and retain the staff they need.[18] Amongst other factors, people cited pay and reward, and the stressful nature of the job, as reasons for leaving. The report notes that ambulance staff compared to other NHS staff are more likely to:

- Experience: physical violence, bullying, harassment or abuse from patients and other members of staff
- Work extra hours and feel pressure to work when unwell; and
- Experience work-related stress.

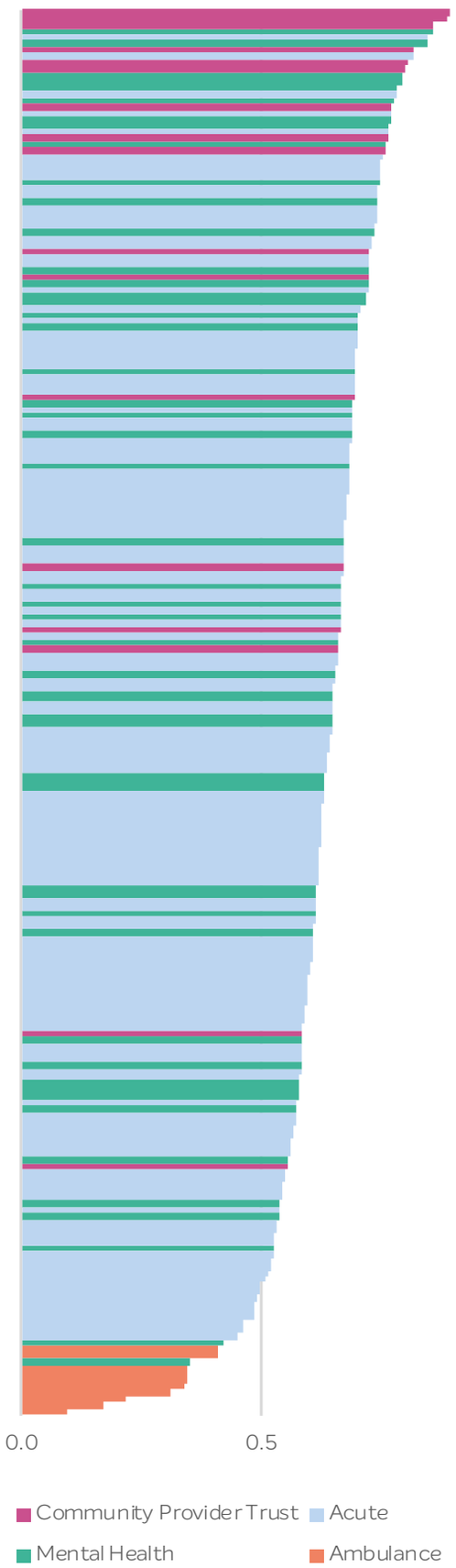
Ambulance trusts have a significantly higher number of employment tribunals and score worse on all Staff Survey measures

The environment for ambulance staff continues to look challenging. In 2017-18, The North East Ambulance Service reported that its paramedics took 2,927 absence days due to anxiety, stress and depression in the previous year, accounting for a quarter of all sick days.[19] According to our analysis, ambulance trusts score poorly for work-life balance, reporting particularly high levels of overtime, while staff also give poor ratings for career opportunities and training.

18 National Audit Office (2017) *NHS Ambulance Services*. Available at: https://www.nao.org.uk/wp-content/uploads/2017/01/NHS-Ambulance-Services.pdf

19 Local Democracy Reporting Service (2019) Available at: https://www.bbc.co.uk/news/uk-england-46850016

Chart 2: NHS Employer Index score by trust type



Community trusts are more likely to be signed up to being a disability confident employer, commit to the real Living Wage and have a lower gender pay gap

Community trusts are generally the highest ranked by type of trust — although they are less concentrated in number at the top of the rankings than ambulance trusts are concentrated at the bottom. Looking at individual measures, community trusts score similarly to acute and mental health trusts in most aspects of the Staff Survey, such as work-life balance or job intensity. However, they are more likely to be signed up to schemes such as Disability Confident, or the real Living Wage and have a lower gender pay gap. They also have lower numbers of employment tribunals and better Staff Survey scores for equality, diversity and inclusion.

Good employment practices are illustrative of good overall performance

Trusts that rank as better employers have, on average, better ratings from the Care Quality Commission (CQC). For example, community trusts are rated relatively highly by the CQC. On the other hand, acute or mental health trusts in the bottom 20 of the index tend to have a poor CQC rating.[20]

It is a similar story when looking at patient satisfaction and financial performance — trusts that are better employers have more satisfied patients and are more likely to be in a position of surplus.

Previous research has underlined the importance of workforce issues for the quality of care. The King's Fund and Picker found that patient experience was negatively related to higher spend on agency staff, fewer doctors, fewer nurses per bed, and bed occupancy.[21] If poor employment practices result in higher turnover and greater vacancies, this will reduce the continuity and availability of care, putting patients at risk.

Is the NHS a force for 'levelling up' pay and employment across the country?

In the context of a national institution dedicated to delivering equality of access to healthcare, this short section explores the degree to which the NHS also provides a level playing field for employment practice.

20 These results hold even after excluding the Staff Survey measures of good employment – trusts with higher CQC ratings tend to have better results on median pay, gender pay gap, and accreditation scores.

21 Sizmur, S. and Raleigh, V. (2018) *The risks to care quality and staff wellbeing of an NHS system under pressure.* The King's Fund and Picker. Available at: https://www.nhsstaffsurveys.com/Caches/Files/Risks-to-care-quality-and-staff-wellbeing-VR-SS-v8-Final.pdf

To some extent, the NHS equalises pay across the country

There are large and well-known inequalities in income across the country. For instance, median weekly pay in London is £699, whereas it is just £531 in the North East.[22] Since the NHS has a universal pay scale which is applied nationally, there should be broadly the same pay for a doctor or nurse in the same band and with the same number of years' experience in Yorkshire as there is in Sussex.[23] The NHS should therefore help to equalise income across the country. The one exception to this is in London, where NHS employers can pay a London weighting of 20% in inner London, 15% in outer London and 5% in the fringe around London. This is to reflect the additional cost of working in London.

Our analysis suggests that there is a positive relationship between local pay and NHS pay, but it is less than 1:1. For instance, in an area where local pay is 10% higher than the average, NHS staff would expect to earn 5% more than the average median pay across the health service (see Chart 3).[24]

Chart 3: Relationship between median NHS trust pay and local pay[26]

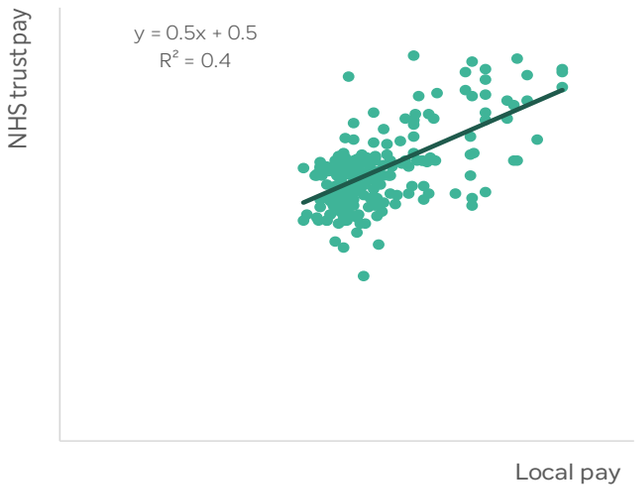
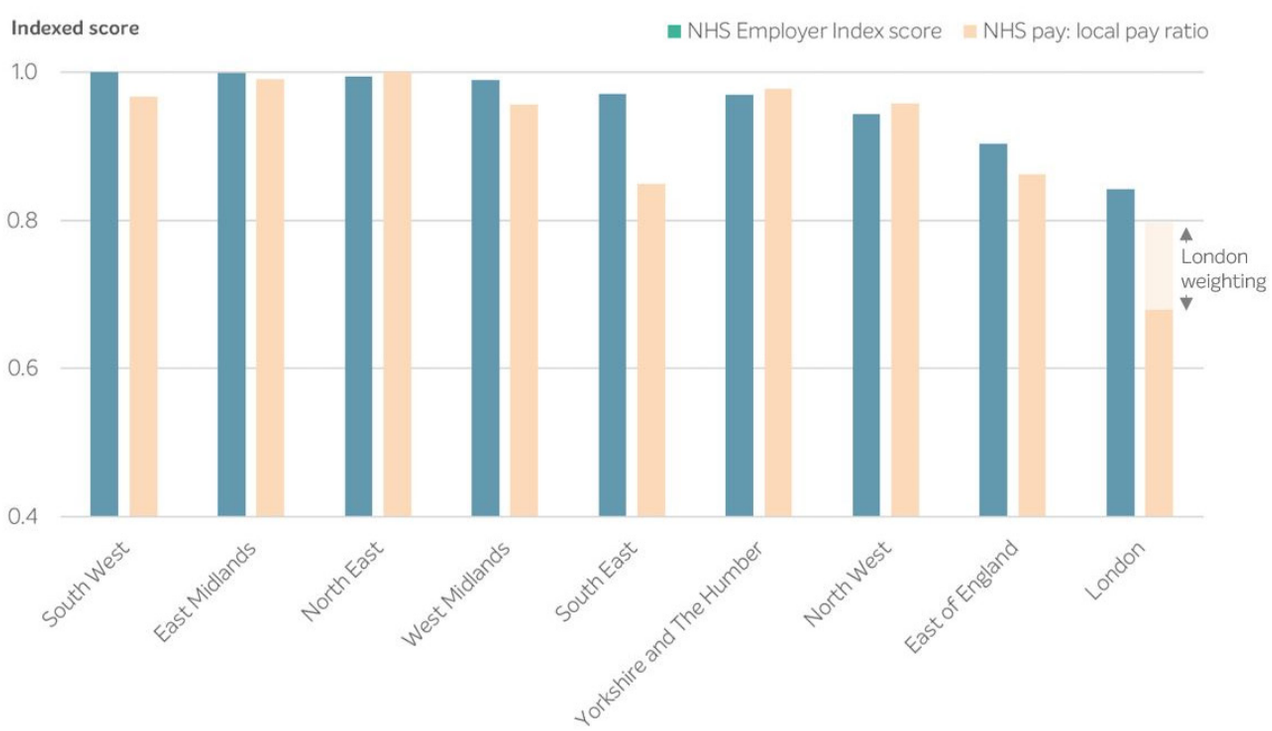


Chart 4: The English Regions – average NHS Trust Employer Score and NHS pay: local pay ratio[25]



22 Office for National Statistics (2019) *Employee earnings in the UK: 2019.* Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019

23 NHS (2019) Available at: https://www.healthcareers.nhs.uk/working-health/working-nhs/nhs-pay-and-benefits/agenda-change-pay-rates

24 Even after adjusting for the London weighting and higher pay in specialist acute trusts (acute trusts pay around 10% higher than average), the relationship still holds. After these adjustments, in an area where local pay is 10% higher than average, NHS staff would expect to earn 1-2% more than average.

25 Local pay is average LA median weekly earnings. 'NHS pay' aims to represent the pay weightings rather than actual levels and is assumed to be 117.5% in London and 100% elsewhere. The effect of the London weighting is shown in the paler colour. NHS employer score is average of trusts in that region. Both NHS pay and NHS employer score are indexed so the best region is scored 1.

26 NHS trust pay is median pay as reported in the annual report. Local pay is the median earnings for the local authority the trust is in, according to ASHE. Both are indexed so that the median trust scores 1.0.

NHS staff in London based trusts are the most disgruntled

NHS staff are happier working in areas where non-NHS pay is lower and unhappier in areas where non-NHS pay is higher. This feeds through into the regional distribution of employer scores, with trusts in London performing worst, followed by the East where local salaries are also high (see Chart 4).[27] This makes sense in the context of universal pay scales and shows that it is harder for trusts to maintain a content workforce in higher pay areas. These findings are further reinforced by NHS staff turnover figures, with turnover higher in London trusts. Overall, the analysis reveals the inherent tension between, on the one hand, the NHS as a force for equalising pay across the country, and on the other, the very real need to recruit and retain staff to meet rising demand in all places.

Potential anchor institutions are no better or worse employers than anywhere else

An evolving part of the NHS's remit is its ability to be an anchor to its local community, providing good jobs and procuring local services. Large trusts situated in poor areas, where the health and care sector dominates the economic landscape, can make a particularly sizeable difference to the wellbeing of the local population. While all trusts can act as anchors, some trusts are likely to have a more important role than others in determining local economic outcomes. Such action can be part of a strategy to help reduce poverty and inequality, two of the social determinants of health.

Despite the increasing policy interest in anchor institutions in poorer areas, CPP analysis reveals that trusts located in such places are on average, no better or worse than trusts across the NHS as a whole, with substantial variation in employment practices (see Table 3).

To identify local authorities where trusts could make the biggest difference as effective anchor institutions, we use the following criteria:[28]

- Places that have the health and care sector make up at least 11.6% of local Gross Value Added (which is double the median for England).[29]
- Places that are in the quarter most deprived in England.

Improving the NHS as an employer: discussion

Given the overall rankings and trust-level variation described above, this section explores where the NHS should focus its resources in order to become a better employer.

Focussing on social mobility and paying the real Living Wage

The NHS is a middle ranking employer in comparison to other large organisations and falls short on social mobility and the real Living Wage. Ensuring that trusts across the board make strong commitments in both areas will be two important ways in which the NHS can improve on its employment practices and play its part in creating inclusive economies.

The NHS is a middle ranking employer in comparison to other large organisations and falls short on social mobility and the real Living Wage

The NHS is increasingly emphasising its wider social impact with reference to its role as an anchor institution in both the *NHS Long Term Plan* and *Interim People Plan*. Improving social mobility and pay will be critical for those trusts in poorer places where they can play a particularly large role in determining the economic wellbeing of the local population. Our analysis shows that trusts in areas of higher deprivation and with higher economic reliance on the health and social care sector exhibit no better or worse employment practices (including commitments to social mobility and the real Living Wage) than anywhere else. For the role of anchor to mean anything, these trusts must become exemplar employers, helping to raise the bar for employment practice across the health service both nationally and locally. This could also help to set a new high bar for other employers. To make this happen, there needs to be a renewed focus on developing strong, collaborative and outward looking leadership that is centred on the NHS's role within places — not just as it relates to healthcare but also as an economic agent within communities. Ensuring such an approach is fully ingrained into future competency frameworks, guidelines, training and development for leaders will be the next key steps. Training and development should be, in part, designed from the bottom up, shaped by the socioeconomic forces and institutional make-up of the local area to ensure it is truly place-based.

27 Most of this variation in regional performance is explained by the differences in local pay levels, with trusts in better paid areas tending to have a lower NHS Employer Index score. One exception to this is the South East, where trusts perform reasonably despite high local pay levels.
28 We exclude ambulance trusts which operate over a larger area.
29 Gross value added is a measure of economic output. It measures the value of goods and services produced in an area, industry or sector of the economy. In this case, it measures economic output at local authority level.

Table 3: *Anchor opportunity trusts*

Anchor opportunity trusts	Good Employer Rank (/223)	Local authority	Health % of GVA
Sherwood Forest Hospitals NHS Foundation Trust	78	Ashfield	14%
Blackpool Teaching Hospitals NHS Foundation Trust	148	Blackpool	16%
County Durham and Darlington NHS Foundation Trust	90	Darlington	12%
Tees, Esk and Wear Valleys NHS Foundation Trust	19	Darlington	12%
James Paget University Hospitals NHS Foundation Trust	143	Great Yarmouth	13%
East Sussex Healthcare NHS Trust	56	Hastings	12%
Lincolnshire Community Health Services NHS Trust	16	Lincoln	12%
Lincolnshire Partnership NHS Foundation Trust	51	Lincoln	12%
United Lincolnshire Hospitals NHS Trust	186	Lincoln	12%
South Tees Hospitals NHS Foundation Trust	162	Middlesbrough	16%
North Staffordshire Combined Healthcare NHS Trust	12	Stoke-on-Trent	13%
University Hospitals of North Midlands NHS Trust	126	Stoke-on-Trent	13%
Pennine Care NHS Foundation Trust Tameside and Glossop	101	Tameside	13%
Tameside and Glossop Integrated Care NHS Foundation Trust	187	Tameside	13%
Torbay and South Devon NHS Foundation Trust	35	Torbay	13%
Clatterbridge Cancer Centre NHS Foundation Trust	87	Wirral	13%
Wirral Community NHS Foundation Trust	21	Wirral	13%
Wirral University Teaching Hospital NHS Foundation Trust	118	Wirral	13%
Royal Wolverhampton NHS Trust	119	Wolverhampton	12%

> The NHS is increasingly emphasising its wider social impact with reference to its role as an anchor institution

Levelling up pay versus attracting and retaining the workforce

The issue of adequate pay is a live and challenging one for the health service and came to a head in 2017, when the Royal College of Nursing reported a rise in the number of nurses requiring hardship grants to cover food, travel, rent and mortgage payments. The RCN's CEO and general secretary said "too many [nurses] are struggling to make ends meet, with some taking on second jobs or even turning to foodbanks".[30]

Our analysis has shown that trusts in areas with higher non-NHS pay (and a higher cost of living) have lower staff satisfaction, lower overall employment scores and higher turnover, with London trusts performing particularly badly. This raises the question of whether the London weighting is enough for middle and low earning employees working in trusts situated in places where the cost of living is high. In this context, the NHS will need to consider how best to balance the need to adopt universal pay scales as a force for levelling up pay across the country against its ability to attract and retain staff in high pay areas.

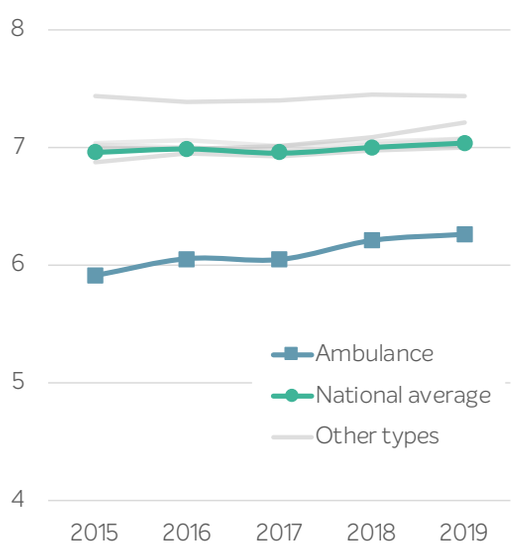
Improving performance amongst the worst employers

Given the wide variety of scores for NHS trusts, the key to driving up better overall employment practice is to facilitate quicker catch-up for laggard trusts. Part of this means developing a better understanding of what is taking place in ambulance trusts, which consistently have the worst rankings in the index.

Issues related to ambulance trusts appear to be relatively well known: NHS Staff Survey results have consistently shown lower levels of satisfaction amongst staff in ambulance trusts than elsewhere with some relative improvement over time (see Chart 5).[31] In response to concerns about the churn of ambulance staff, Health Education England set up a programme to train more paramedics and to upskill current ambulance staff. This has helped to increase the number of new trainees from 700 to nearly 1,800 between 2013 and 2015.[32] But concerns about the performance of ambulance trusts continued, culminating in the 2018 Carter Review into unwarranted variation in NHS ambulance trusts. The review made broad recommendations to address all aspects of poor performance including workforce, leadership and human resource processes. The NHS and HEE should fully implement these recommendations in order to drive a step-change in the employment practices of ambulance trusts.[33]

In addition to the above, in 2017 the NHS committed itself to a National Retention Programme whereby the NHS would provide intensive support for 90 days to help trusts improve turnover rates on nursing and clinical staff within 12 months. These plans have focused on improving inductions, extending preceptorships and increasing flexible working options.[34] But this programme focused on nursing and clinical mental health staff, with no mention of ambulance staff. Given the consistently low satisfaction scores, extending this programme to ambulance staff might be an additional immediate way to raise satisfaction and retention.

Chart 5: NHS Staff Survey staff engagement score by trust type



30 National Health Executive (2017) Available at: http://www.nationalhealthexecutive.com/Health-Care-News/rcn-over-250000-worth-of-hardship-grants-paid-to-struggling-nurses-last-year
31 NHS England (2019) NHS Staff Survey 2018 National results briefing. Available at: https://www.nhsstaffsurveys.com/Caches/Files/ST18_National%20briefing_FINAL_20190225.pdf
32 National Audit Office (2017) *NHS Ambulance Services. Available at:* https:/ /www.nao.org.uk/wp-content/uploads/2017/01/NHS-Ambulance-Services.pdf
33 NHS (2018) Operational productivity and performance in English NHS Ambulance Trusts. Available at: https://www.england.nhs.uk/publication/lord-carters-review-into-unwarranted-variation-in-nhs-ambulance-trusts/
34 NHS (2019) The national retention programme: two years on. Available at: https://improvement.nhs.uk/resources/national-retention-programme-two-years-on/

Leveraging the position of community trusts as good employers

The high ranking of community trusts is particularly significant given the workforce challenges they are facing. Community trusts provide health services to their local communities typically via nurses, health visitors and physiotherapists (amongst others). Since 2013, the number of community nurses has fallen by 14%, while the number of nurses working in the acute sector has increased by 6%. The number of district nurses has fallen by 44%.[35]

With community trusts leading the way on employment practice, it is important that this challenging staffing environment does not derail their ability to deliver good employment and healthcare. In this context, it is positive that the *NHS Long Term Plan* set out the intention to increase investment in primary, medical and community health services by £4.5bn in five years. For the first time in the history of the NHS, real terms funding for primary and community health services will grow faster than the NHS budget overall.[36] The prioritisation of community health services will include ongoing training and development of multidisciplinary teams in primary and community settings.

Our analysis shows that many community trusts perform particularly well in terms of being a Disability Confident employer and having a lower gender pay gap, with a number also paying the real Living Wage. Leveraging these strengths can complement the additional planned resource for community health services set out in the *Long Term Plan*, so that community trusts are better able to recruit and retain the workforce they need to be at the forefront of the NHS's vision for fully integrated, community-based healthcare.

The best in class supporting the worst

Finally, to help support a catch-up in employment practice across the NHS, it would be worth considering mechanisms to exchange knowledge, support and resources between high and low-ranking trusts. Such an exchange could have an important place dimension. For instance, trusts that are exemplar employers could pair up with poorer performing trusts in a similar geographic area. In Lincoln, the community healthcare provider is ranked 16th, while the acute provider is ranked 186th. By working together on employment practice, their combined efforts could magnify their positive impact on employment and the local economy.

It would be worth considering mechanisms to exchange knowledge, support and resources between high and low-ranking trusts

Partnerships between local trusts could build on emerging formal models of collaboration such as the Acute Care Collaboration Vanguards.[37] For example, Salford Royal has formed a formal partnership with Pennine Acute Hospitals in order to develop an 'outcomes-based organisation' which shares support services and back office functions across North West Manchester.[38] Similarly, Royal Free London is working with North Middlesex University Hospital Trust to improve the consistency with which healthcare is designed and delivered.[39] There is the opportunity for employment practice to be increasingly ingrained into these new models for collaboration, especially as the NHS transitions towards more integrated local health and care systems. Finally, the NHS might consider setting up a national Employer Vanguard which would bring together the very best NHS employers in order to construct best practice pathways for different types of trusts. Such approaches are already being tried and tested in order to standardise clinical practice (such as the Cancer Vanguard). The same could apply to employment practice.

Conclusion

The NHS faces a challenging future. An ageing population is driving increased demand in the health system as the number of people with multiple long-term conditions rises, while the health gap between the richest and poorest in society widens. The NHS is in the midst of a workforce crisis with a shortage of 100,000 staff, potentially growing to 350,000 within the next 15 years. With the expectation that recruiting from overseas will become tougher following Brexit, the NHS is facing a serious workforce crunch. It will need to find new ways of enticing talented people into the health service and retaining them. In the absence of increased economic migration, the NHS will need to recruit home-grown talent which, at a time of high employment rates, will mean attracting people into the health service and away from other sectors. For this to happen, the NHS will need to be — as the *Interim People Plan* stresses — the best employer.

This report has found that the NHS is not yet best in class; the average trust would rank as a middling large employer, and there is enormous variation

35 NHS Providers (2018) *The State of the Provider Sector: 5. Workforce Challenges.* Available at: https://nhsproviders.org/state-of-the-provider-sector-05-18/5-workforce-challenges

36 NHS (2019) *The NHS Long Term Plan.* Available at https://www.longtermplan.nhs.uk/wp-content/uploads/2019/08/nhs-long-term-plan-version-1.2.pdf

37 NHS England (2018) *No hospital is an island: learning from the Acute Care Collaboration vanguards.* Available at: https://www.england.nhs.uk/wp-content/uploads/2018/01/acute-care-collaboration-learning.pdf

38 Ibid

39 Royal Free London (2017) *The Royal Free London group model.* Available at: https://www.royalfree.nhs.uk/the-royal-free-london-group-model/

across trusts. Reducing variation in clinical practice has historically been a large focus of health system improvement and given the linkages between good employment, patient outcomes and financial position, it makes sense that supporting consistently good employment practice should form a focal point of overall service improvement. Understanding and addressing the causes of variation at a trust level and learning from exemplar employers will be key to delivering a step-change on this front.

But the importance of good employment goes beyond ensuring the NHS can meet rising demand and improve the quality of care. The increasing recognition that trusts can act as anchors to provide good jobs and investment to local areas — particularly areas with higher deprivation — requires a strategic pivot that puts the NHS's wider role as a critical social and economic agent within places at the heart of everything it does. Currently, NHS trusts are no better or worse in deprived places than anywhere else, but given their vital role in local communities, it is arguably these trusts that must lead the way. Developing new forms of leadership that embed an 'NHS in places' culture will be critical to success.

Finally, it is important to note the NHS cannot solve all the nation's health problems even if it is the best employer. The causes of rising health inequality are largely beyond its control. Primary prevention to reduce poverty, low pay, bad housing, crime and other social determinants will be crucial to limiting the demands on the healthcare system in the future and to ensure its sustainability. This means that the ambitious aspirations of the NHS must be met with an equally ambitious cross-government agenda at national and local level to address the root causes of poor health. Only through such effort can the future sustainability of the NHS be assured.

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