



Review Body on Doctors'
and Dentists' Remuneration

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Forty-Fifth Report 2017
Scotland Supplement

Chair: Professor Sir Paul Curran

SG/2017/31

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The Review Body on Doctors' and Dentists' Remuneration was appointed in July 1971. Its terms of reference were introduced in 1998, and amended in 2003 and 2007 and are reproduced below.

The Review Body on Doctors' and Dentists' Remuneration is independent. Its role is to make recommendations to the Prime Minister, the Secretary of State for Health, the First Minister and the Cabinet Secretary for Health and Wellbeing of the Scottish Parliament, the First Minister and the Minister for Health and Social Services in the Welsh Government and the First Minister, Deputy First Minister and Minister for Health, Social Services and Public Safety of the Northern Ireland Executive on the remuneration of doctors and dentists taking any part in the National Health Service.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate doctors and dentists;

- regional/local variations in labour markets and their effects on the recruitment and retention of doctors and dentists;

- the funds available to the Health Departments as set out in the Government's Departmental Expenditure Limits;

- the Government's inflation target;

- the overall strategy that the NHS should place patients at the heart of all it does and the mechanisms by which that is to be achieved.

The Review Body may also be asked to consider other specific issues.

The Review Body is also required to take careful account of the economic and other evidence submitted by the Government, staff and professional representatives and others.

The Review Body should also take account of the legal obligations on the NHS, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

Reports and recommendations should be submitted jointly to the Secretary of State for Health, the First Minister and the Cabinet Secretary for Health, Wellbeing and Sport of the Scottish Parliament, the First Minister and the Minister for Health and Social Services of the Welsh Government, the First Minister, Deputy First Minister and Minister for Health, Social Services and Public Safety of the Northern Ireland Executive and the Prime Minister.

The members of the Review Body are:

Professor Sir Paul Curran (Chair)
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Professor Kevin Lee
Professor James Malcomson
Lisa Tennant
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The Secretariat is provided by the Office of Manpower Economics

Executive Summary

This supplement contains our consideration of our remit in Scotland, together with our recommendations. It should be read in conjunction with our main 45th report, which covers England, Wales and Northern Ireland and contains UK-wide data, commentary and comparison.

Recommendations for our remit in Scotland 2017-18

Pay

- A base increase of 1 per cent to the national salary scales for salaried doctors and dentists.
- The maximum and minimum of the salary range for salaried GMPs be increased by 1 per cent.
- For independent contractor GMPs, an increase in pay, net of expenses, of 1 per cent.
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Allowances and awards

- An increase in the GMP trainers' grant of 1 per cent.
- No increase in the rate for GMP appraisers which would remain at £500.
- The supplement payable to general practice specialty registrars to remain at 45 per cent of basic salary for those on the existing UK-wide contract.
- We are increasingly concerned that the Scottish Government's policy of no monetary uplift for Distinction Awards and Discretionary Points, and a freeze on new Distinction Awards, may be adversely affecting the attractiveness to consultants of working in Scotland. In the absence of clear evidence either way on that, we are nevertheless clear that recognising performance through pay is an established and important part of the consultants' pay system. We also recognise the Scottish Government's wish that the future of these awards be addressed as part of wider consultant contract reform. However, since this will not be concluded in 2017-18, we therefore recommend that the value of the awards for consultants – Distinction Awards and Discretionary Points – be increased in line with our main pay recommendation of 1 per cent. We would also wish to see the freeze on new Distinction Awards lifted and recommend that the promised review of these awards be brought forward as a matter of urgency.

Targeting

- Better use is made of existing pay flexibilities.
- Recognising what has already been done in Scotland to use pay to address shortages, we recommend that the Scottish Government and workforce planners in Scotland give serious consideration to building on this by developing a new mechanism for enabling targeted pay solutions, backed by extra national resources, to be locally stimulated and rapidly tested. These should aim to address persistent, above average geographic and specialty shortages. We look forward to hearing the results, in evidence next year, and would be happy to assist in developing criteria for payments if evidence is provided to us.

Retention

- The health department and employers in Scotland investigate how many doctors and dentists are taking early retirement and for what reasons, and provide us with evidence on this next year.

Observations 2017-18

- A. We observe that a major demographic shift within the UK is taking place within our remit groups associated with the 'Generation Y' cohort (also known as 'millennials') that is now a large part of the workforce and the shift in gender balance of those choosing to train as doctors and dentists. We see this shift as linking closely to career choices to take salaried GMP roles and to locum, and urge the parties to consider the potential impact of this shift on workforce planning assumptions, the nature of the employment offer as well as in terms of pay, including gender pay.
- B. We would like to see SAS doctors given equal consideration and reflected more in the quality and quantity of evidence we receive.
- C. We note that a key source of frustration for the British Dental Association (BDA) Scotland is the outdated 'fee for item' dental contract, which they find to be legalistic, complicated to understand and burdensome to deal with. Dentists' incomes have declined in Scotland, and access to private practice, and thus to alternative revenue streams, is limited. We therefore have sympathy with this and ask the Scottish Government to give serious consideration to contractual reform in consultation with the BDA Scotland on the basis of fairness, transparency and sustainability.
- D. We note that the Scottish Government has recently consulted on the future of oral health in Scotland, demonstrating that it is seeking to modernise NHS dentistry in Scotland. This presents an opportunity for both parties to work together on the future shape of the service and we ask both parties to engage constructively on it and any action plan that follows.
- E. We observe that BDA Scotland has concerns about where dentistry fits into the new governance arrangements for health and social care integration. The Scottish Government should address this lack of clarity in order to help build trust.

In our main 45th report we made several observations relating to salaried GMPs. We have no reason to believe that those observations are not equally valid for Scotland – please see Chapter 7 on GMPs in this supplement for these observations in full.

Remits and the pay round process

1. This supplement contains our consideration of matters relating to our remit group in Scotland, together with our recommendations. It should be read in conjunction with our main 45th report, which covers England, Wales and Northern Ireland and contains UK-wide data, commentary and comparison. Given the short time available for our independent consideration of their evidence and factors which affect all four countries, we ask the Scottish Government to submit its evidence to our usual timetable for our next round to enable incorporation into the UK-wide report.
2. Our approach to this round was informed by our standing terms of reference and the remit submitted by the Scottish Government. We received the written evidence on 20 December 2016. The accompanying letter drew attention to the Scottish Government's public sector pay policy for 2017-18, saying that the policy formed the basis of the remit that the Scottish Government wanted us to consider. For this supplement, we considered written and oral evidence from the Scottish Government, the British Medical Association (BMA) and the BDA and held the oral evidence sessions in Edinburgh.

Context to this report

3. Our report comes at a time of change and challenge for the NHS across the UK. Developing new and innovative approaches will be required to meet the needs of an increasing and ageing population, with multiple and complex health requirements which place extra pressure on our remit groups and the wider system. Added to this are the difficulties posed by the wider financial position and the UK Government's public sector finance policies.
4. In Scotland, many of the issues faced echo those for the other countries of the UK. Major NHS reforms are underway with the integration of health and social care services, the National Clinical Strategy and proposals for a new GMP contract. While Scotland has avoided the industrial relations difficulties with junior doctors that have occurred in England, there are other pressure points including some difficulties recruiting into consultant vacancies, the freeze on new Distinction Awards and lack of uplift to both Distinction Awards and Discretionary Points. BDA Scotland stressed to us the low morale of dentists in Scotland, who have the lowest taxable income of dentists in any UK country, and we also observed the difficulty Scottish Government and BDA Scotland have in coming to a bilateral agreement on dental expenses.

Recruitment, retention and motivation

5. As in the rest of the UK, problems remain in recruiting doctors into some specialties (such as emergency medicine, psychiatry and general practice) and into some locations in Scotland. Effective workforce planning based on sound management information is essential to help mitigate. It is clear to us that, as some of the issues are long-running and non-pay solutions have been ineffective so far, pay-related options should be considered. We welcome the steps already being taken in Scotland to use pay options, particularly for remote and rural locations, and look forward to hearing further evidence regarding their effectiveness.

6. We are concerned about the lack of new staff survey data this year to inform our consideration for Scotland. While our remit groups remain intrinsically motivated to deliver high quality patient care, we note that other pressures such as workload are having a negative effect and impacting on motivation and morale in both primary and secondary care. Both the BMA and BDA cited low motivation and morale affecting their members and highlighted that workforce issues are coupled with the wider service aspirations in each country. Pay is seen to be an important signal of personal value in this context.

Economic background, pay comparability and affordability

7. Economic growth in Scotland fell behind the UK as a whole in 2016, having kept pace over the previous three years. Since the first quarter of 2008, just before the recession, the UK economy had grown by 8.1 per cent (to the third quarter of 2016), while the Scottish economy grew by 6.0 per cent. The employment rate in Scotland reached a peak of 74.8 per cent in October 2015, but employment fell by 0.9 per cent over the year, to give a rate of 73.3 per cent in October 2016.
8. Affordability (which we take from our terms of reference to mean the funds available to the health departments as set out in the government's departmental expenditure limits) was at the forefront of evidence provided to us by the Scottish Government. It is apparent that maintaining the public sector pay policy of 1 per cent can offer a way of limiting increases to costs. However, the impact of ongoing pay restraint is wider than just helping to reach fiscal targets. Pay is important and the Scottish Government public sector pay policy could well impact adversely on recruitment, retention and motivation in our remit groups, given the demands on the health service and change programmes underway.
9. We are concerned about the impact of inflation and wider wage growth upon our remit group, particularly when considering recruitment, retention and motivation. We comment fully on this in our main 45th report.

Our recommendations

10. No proposals were put to us for targeting through national pay scales. However, we distinguish between targeting via national pay scales, targeting via differential pay premia informed by nationwide agreement (for example, for particular specialties), and targeting via local pay premia or allowances.
11. We welcome the pay measures already in place in Scotland to mitigate persistent geographic shortages, such as steps taken in the Highlands and Islands area, and look forward to receiving evidence about their effectiveness and applicability to shortages elsewhere. We are not convinced by the general arguments that shortages are not amenable to pay. Shortages tend to persist, and no evaluation of the various non-pay approaches has been provided to us. We wait with interest to see such evaluations. Meanwhile, we consider there is scope for more targeting by nationwide agreement, building on the models that have recently been introduced, recognising that consideration would need to be given on how to fund such schemes.

12. **We recommend:**

- **that better use is made of existing pay flexibilities;**
- **recognising what has already been done in Scotland to use pay to address shortages, that the Scottish Government and workforce planners in Scotland give serious consideration to building on this by developing a new mechanism for enabling targeted pay solutions, backed by extra national resources, to be locally stimulated and rapidly tested. These should aim to address persistent, above average geographic and specialty shortages. We look forward to hearing about the results, in evidence next year, and would be happy to assist in developing criteria for payments if evidence is provided to us.**

13. We have several concerns about the evidence we received in relation to this year's pay uplift. We made this point in our main UK-wide report and it applies equally to Scotland. Firstly, the Scottish Government, like the other three UK governments, seems to us to have given little consideration to the possible effects of ongoing pay restraint on the recruitment, retention and motivation of our remit groups in their pay proposals. Should inflation and private sector wages continue to increase, it would be unwise to be complacent here, and we note that consultants have had a relatively larger decrease in take-home pay than others in the NHS. Secondly, we would welcome greater clarity from all parties on what they consider fair and appropriate pay levels would be for our remit groups in relation to any comparators that the parties thought relevant in a "steady state" environment. We will also continue to undertake our pay comparison work.

14. In terms of recruitment, the annual pay award is important in supporting the attractiveness of medical and dental careers. On the other hand, these are relatively highly paid groups and applications by well-qualified students for medical courses appear to be holding up. We note that the Scottish Government's policy of no compulsory redundancy gives a measure of job security for our remit groups, but we are concerned with some of the findings on medical and dental workers from the 2015 NHS Scotland Staff Survey which showed a decline in staff satisfaction, frustration with a perceived lack of autonomy in the workplace, and a sense of being under-staffed. We note again that there is already a general expectation of a 1 per cent increase.

15. We note that Consumer Prices Index (CPI) of inflation at December 2016 was 1.6 per cent, and was forecast to reach 2.5 per cent by the end of 2017. Median gross weekly earnings for full-time private sector employees increased by 3.4 per cent in the year to April 2016, according to the Annual Survey of Hours and Earnings. Whilst forecasts are subject to change and setting the contribution of annual increments aside, the obvious conclusion is that a 1 per cent award would most probably be below inflation.

16. In light of wider economic forecasts, plus the increasing demands being made on the goodwill of our remit groups, we have considered whether our award should be more than 1 per cent. However, we also accept that the affordability of a settlement in Scotland remains weak. In view of the pressures, alleviating workload and fostering job satisfaction rather than increasing pay would still

appear to be the more important priorities for improving motivation. Overall we feel there is a continuing, though diminishing, case for 1 per cent again this year, if this enables more staff to join the service to alleviate workload pressures. We understand that Scotland has assumed 1 per cent in its funding arrangements. We again see no compelling reason for differential awards by country and this recommendation reflects our approach for the other three countries of the UK.

17. We are therefore recommending a base increase of 1 per cent in 2017-18 to the national salary scales for salaried doctors and dentists in Scotland.

Individuals on incremental pay scales who have not reached the maximum scale point will also be eligible for incremental progression according to the agreed criteria.

18. We make a separate recommendation for salaried GMPs, whose pay falls within a salary range rather than on an incremental pay scale. We recommend that the minimum and maximum of the salary range for salaried GMPs in Scotland be increased by 1 per cent for 2017-18.

19. Chapter 6 sets out our reasoning in relation to Distinction Awards and Discretionary Points while Chapter 9 includes our detailed recommendation.

20. We await the outcome of the new approach to GMP contracts in Scotland. We heard from both parties that expenses discussions for GMPs are best done by negotiation, and concluded that we should again this year make a recommendation on pay net of expenses. **For independent contractor GMPs in Scotland, we recommend an increase in pay, net of expenses, of 1 per cent for 2017-18.**

21. In relation to GDPs, whilst we reported fully on the issues in our main 45th report, we wish to raise our concerns with the situation in Scotland given that it has some unique aspects. In particular, dentists in Scotland have the lowest taxable income in all of the four UK countries. We note the current lack of consensus between the parties in Scotland and stress the importance of both parties working together to build better working relationships in future and develop a dialogue, and our observations as set out above are intended as a starting point for this. Our preferred approach is for the parties to negotiate directly on expenses.

22. For independent contractor GDPs in Scotland, we recommend an increase in pay, net of expenses, of 1 per cent for 2017-18.

23. There are several topics covered in this report where we would like to receive more or improved information for our next round. We would like to develop further our understanding of areas such as salaried and locum GMPs, gender pay, 'Generation Y' and retirement trends, and need robust evidence to do so.

Looking forward

24. In this final section, we identify some of the challenges facing our remit groups in Scotland over the next few years. It should be read in conjunction with our main 45th report, which draws UK-wide conclusions about future challenges.

25. Scottish public sector pay policy differs slightly from that in other UK countries as it targets boosting pay for the lowest earners and is also for one year only. This policy obviously has implications for our remit groups and we urge the Scottish Government to consider recruitment, retention and motivation of consultants in particular, where the recruitment for certain specialties and in some locations is weak. Pay restraint offers a direct means of limiting increases to costs. However, if real pay levels for our remit group continue to decline at a time when pay in the private sector is rising, this will inevitably affect motivation, and could also damage recruitment and retention. That, in turn, would soon affect workloads, and a vicious circle could be created.
26. While it is too soon to judge the impact of 'Brexit' on our remit groups, all the health departments have made moves to reassure all staff from overseas that they are a valued part of the NHS, and are looking to ensure security of supply. There does, however, need to be a more sophisticated understanding of how the UK-wide market in training doctors operates. There are common issues at play across all four countries, yet it seems to us that each is operating somewhat in isolation, and therefore more collaboration is required.
27. In addition to changes in demands on the NHS, our remit groups are themselves changing. As 'Generation Y' doctors and dentists form an increasing part of the workforce, planners and employers will need to take their different lifestyle and career choices into account. Consideration should also be given on how best to retain experienced staff who may be affected by the changes in public sector pension schemes and to pension rules more widely.
28. Meanwhile, as we say in our UK-wide report, we attach great importance to the motivation of our remit group, across the whole NHS, during a period when staff will continue to be under pressure; when inflation seems likely to rise; and when private sector comparators' earnings are also likely to increase. If there are affordability constraints across the public sector, our remit groups will be affected, but they should not feel singled out. One of our important roles as a Review Body is to advise on this, ensure a fair balance and monitor the sustainability of the recruitment, retention and motivation of our remit groups. This sustainability is clearly being challenged in Scotland as elsewhere in the UK and consideration therefore needs to be given to planning an exit strategy from current pay policy when circumstances allow.

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