

Finance Secretary response to Rod Richards AM Question Re: Pay Increases

During the debate on the budget on 1 December 1999, Mr Rod Richards asked:

'I understand that health authorities in Wales expect an increase in their budgets of about 6 per cent. How much of that 6 per cent is taken up by increases in salaries and compliance with the working time directive? I will understand if the Finance Secretary cannot give me a direct answer now. Perhaps she will be kind enough to write to me, and to all other Assenbly Mernbers, when she has the answer.'

Pay Increases 2000-01

The recently announced pay review body awards allows a more accurate forecast of pay increases for next year although the longer term remuneration package for the non pay review body staff (including 1999-2000) has yet to be agreed.

A full analysis across Wales is still being co-ordinated but an initial exercise undertaken suggests that the average cost of pay awards for 2000-01 will be about 4% of the pay bill compared to a 3.5% 'working assumption' that the NHS had been using within the overall 6% discretionary allocation. This uplift equates to approximately £50m or in overall percentage terms 2.8%.

Superannuation

The NHS is liable for an additional 1% employers' superannuation in 2000-01, equating to about £12m, an overall 0.7% increase.

European Working Times Directive

NHS bodies have provided initial estimates of the impact of the EWTD, but until these are fully calculated on an individual basis, there remain some uncertainties about the actual projected cost of £5-6m per annum, equating to approximately 0.4-0.5% of the pay bill or about 0.3% in overall terms.

Within the draft health authority allocation letter, £8.2m additional non recurrent funding has been set aside from slippage on the centrally held budget for the new NHS pay regime which should provide some one-off assistance in funding these or other pressures.

Summary

In summary:

	£m	%
Pay Awards	50	2.8
Superannuation	12	0.7
EWTD	6	0.3

Total	68	3.8
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More detailed estimates on pay awards following the non pay review body settlement and EWTD impacts for 2000-01 will be available in March and a full analysis will follow.

20 February 2000

NHS Finance Division