Submission to the House of Lords Economic Affairs Committee inquiry on Brexit and the Labour Market

1. The RCN welcomes the opportunity to respond to this Call for Evidence and we would be very happy to participate in any follow-up discussions with the Select Committee on this issue.

Central question: What is the expected impact of Brexit on the UK labour market?

2. The RCN acknowledges that the UK Government's prioritisation of immigration controls over access to the single market means that future flows of EEA nationals coming to the UK will likely be restricted.

3. In order to ensure that our health and social care system is best placed to handle this, we believe the Government needs to adopt policies that encourage more UK nationals to see nursing as a career of choice. If this doesn't happen then any significant restrictions on EEA nationals coming into the UK could have a very significant impact on the profession and the safety of the public.

4. While we were encouraged by the content of two recent Heath Select Committee letters indicating that the Department of Health and Health Education England have identified workforce planning as a key priority going forward for England, resolving this issue for all four countries is going to require that the UK and devolved governments work more closely than ever with key stakeholders in the health and social care sector across the UK – including employers, professional associations and trade unions.

Our recommendations:

5. **That the UK Government immediately scrap the 1% cap on NHS pay. This would send a clear message to the existing workforce that they are valued and appreciated and incentivise more UK nationals into the profession**

6. **That England should return to UK-wide pay scales using Scotland as the model. Scotland's approach to pay has led to higher Agenda for Change (AfC) pay points than for staff in England, Wales and Northern Ireland undertaking the same jobs**

7. **That the UK Government implement a pay award for nursing staff in line with the retail price index. Since 2011 there has been a real terms drop in earnings of up to 14% for NHS Staff.[1] This is unsustainable if we are to incentivise more UK nationals into the workforce**

8. **That the UK Government should commit to upholding all existing EU legislation and regulations affecting the workplace including: the Working Time Directive and health and safety protections**

9. **That the UK and devolved governments should, in partnership with sector stakeholders (including the RCN), develop a holistic, long term workforce plan to**

[1] NHS Digital, 'NHS Staff Earnings Estimates to June 2016', available at: http://content.digital.nhs.uk/article/5057/NHS-pay-statistics-published (2017)

resolve key challenges to staff shortages, low morale and high rates of burnout to ensure recruitment and retention

10. **That the UK Government should move immediately to guarantee the right to remain for EEA nurses and health workers currently working in the UK**

11. The health and social care sector has, for a long time, been heavily reliant on overseas nationals (both EEA and non-EEA). Between 2001 and 2012, the percentage share of overseas persons within the practising nursing workforce grew from 15% to 22%.[2]

12. At the same time a significant change in the origin of overseas nurses took place. Prior to 2006/07 the vast majority of international nurses coming to the UK originated from outside the European Economic Area (EEA). However since 2007/08 this trend has reversed with EEA nationals now constituting the vast majority of new entrants onto the nursing register.[3]

13. Presently, there are over 33,000 EEA nurses across the UK - more than the total number of nurses currently working in Wales.[4] In addition there are over 58,823 staff with EEA nationality working in England's NHS Hospital and Community Health Services (10,159 HCHS doctors, 21,959 nurses and health visitors and 1,369 midwives).[5] Put simply, our health and social care services are dependent on the contribution which EEA nationals make. Since the Brexit vote last year however, there has been a recorded drop of 90% in the number of EEA nurses joining the regulatory register.[6]

14. At the same time, there has also been a notable rise in EEA nurses leaving the UK. This is vital because even during the peak years of international recruitment, the nursing profession was frequently cited as suffering from labour shortages. At present there are over 23,000 nursing vacancies in England, Wales and Northern Ireland and a 3.6% vacancy rate in Scotland.[7]

15. This highlights the pressing need to move to a more sustainable, long term workforce model which incentivises more UK nationals to enter and stay in the profession. Of course we also want clear, accessible routes for highly skilled individuals from overseas to continue to come and work in our health and social care system, but we feel that these routes should complement a stronger domestic focus.

16. This view was endorsed in early 2016 by the Migration Advisory Committee (MAC) – the body which advises the Home Office on immigration policy. The MAC's Partial Review of the Shortage Occupation's list concluded that factors including poor working conditions, stress, burnout, lack of job satisfaction were clear causes of poor retention.[8] As a result it advised the Home Office to list nursing as a shortage occupation. It also noted that NHS hospital nurses are, on average, paid significantly less than their counterparts in Australia, the United States and Ireland and that these countries are a draw for UK nurses looking to utilise their skills in a better work environment.

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[2] Organisation for Economic Co-Operation & Development, 'Policy Briefing for the High Level Commission on Health Employment and Economic Growth', available here: http://www.who.int/hrh/com-heeg/International_migration_online.pdf?ua=1 (2016)

[3] Royal College of Nursing / Nursing & Midwifery Council 'International Recruitment', available at: https://www2.rcn.org.uk/__data/assets/pdf_file/0007/629530/International-Recruitment-2015.pdf (2015)

[4] Nursing & Midwifery Council (NMC), 'Freedom of information request' June 2016

[5] Parliamentary Question 49839. This data is based on self-selection of nationality, not country of training

[6] NMC, 'Freedom of Information Request' February 2017

[7] Royal College of Nursing Evidence to the NHS Pay Review Body 2017-18, https://www.rcn.org.uk/-/media/royal-college-of-nursing/documents/publications/2016/september/005803.pdf (2017)

[8] Migration Advisory Committee, 'Partial Review of the Shortage Occupations List', available here: https://www.gov.uk/government/publications/migration-advisory-committee-mac-partial-review-shortage-occupation-list-and-nursing (2016)

17. The MAC was also critical of the lack of long term workforce planning which had resulted in international recruitment being used as a “get out of jail free” card to avoid investing in the domestic workforce. The MAC concluded that both employers and the Government had undermined the importance of pay and remuneration as a key incentive for those entering and remaining in the workforce, saying that “the restraint on nurses’ pay instituted by the government was presented to us, and in the evidence to the pay review bodies, as an immutable fact. It is not. It is a choice.”[9]

18. The report also confirmed that a growing portion of the nursing workforce is reaching retirement age and so extra effort needs to be made to incentivise and retain a younger generation of nurses. Many of these (in England at least) will have paid for their degree education by the time Brexit has occurred – the first generation to do so. These graduates are likely to have much higher expectations when it comes to career progression, pay and recognition. Failing to meet these expectations is likely to exacerbate the current retention problem.

Sub question 1: What level of net migration is necessary for the UK labour market to function effectively?

19. Even with the historically high levels of overseas recruitment, we would not describe the nursing labour market as functioning effectively. Historically the UK nursing labour market has swung between “boom” and “bust”, with international recruitment used to plug the gaps when shortages have occurred.[10] We believe that in order to handle the challenge of Brexit, a stronger focus is needed on growing our domestic workforce while keeping open routes for high-skilled migration which complement this central domestic focus.

Our recommendations:

20. **That the UK and devolved governments should, in partnership with sector stakeholders (including the RCN), develop a holistic, long term workforce plan to address our overreliance on international recruitment, resolve key challenges to low morale and high rates of burnout, to ensure a future workforce which is fit for purpose**

21. **We believe that a transition period immediately after Brexit of up to four years should be agreed. During this time the UK should be able to continue to recruit international nurses as they do now in order to maintain service levels while moving towards a stronger domestic focus**

Sub-question 2: What would be the impact on wages, in different sectors, of controls on EU immigration and further controls on non-EU immigration? What evidence is there of the impact on wages of the level of immigration to-date?

22. Pay at the NHS level is structured around the Agenda for Change framework with the Government able to award a cost of living increase every year. Since 2011 however the UK Government has kept any annual pay increase at or below 1% which has meant a real terms drop in incomes of up to 14% for nursing staff.

23. The independent sector, generally speaking, tends to keep its pay rates closely pegged to the NHS in order to remain competitive. However, we believe that in the current environment the Government’s approach has led to international recruitment being used to undercut and offset the costs of investing in a long-term workforce which is able to meet the changing needs of patients. Evidence to this point was presented by the MAC

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[9] Ibid.
[10] Royal College of Nursing, ‘Boom or Bust? The UK Nursing Labour Market Review 2005-6’ https://www.rcn.org.uk/-/media/royal-college-of-**nursing**/.../2006/.../pub-003095.pdf

which concluded that many internationally recruited nurses were being put on the lowest possible banding – irrespective of their knowledge and experience.

24. In addition, the MAC also found newly employed internationally recruited nurses were paid the exact same rate regardless of their age and that while there is not always a perfect correlation with experience, it is not unreasonable to expect that salary would be influenced to some degree by age. The MAC concluded that, “nursing is an occupation where, on average, migrants are paid £6,000 less than equivalent UK workers.”[11]

Our recommendations:

25. **The UK Government needs to work with sector stakeholders to address evidence that recruitment of overseas nurses has been used to deliver savings rather than addressing shortages**

26. **That the UK Government immediately scrap the 1% cap on NHS pay. This would send a clear message to the existing workforce that they are valued and appreciated and incentivise more UK nationals into the profession**

27. **That England should return to UK-wide pay scales using Scotland as the model. Scotland has honoured the recommendations of the NHS Independent Pay Review Body which advised that a pay rise was overdue and affordable**

28. **That the UK Government implement a pay award for nursing staff in line with the retail price index (2.5%). Since 2011 there has been a real terms drop in earnings of up to 14% for NHS Staff.[12] This is unsustainable if we are to incentivise more UK nationals to enter the workforce**

29. **That the UK Government should restructure the lowest Agenda for Change pay bands to pay the Living Wage and maintain pay differentials**

<u>Sub-question 3: Does the Government have adequate data on the number and characteristics of immigrant workers on which future assumptions and policy can be based?</u>

30. There is some data collection of overseas nurses working in the NHS, although we do think this could be improved. However, workforce data from the independent sector is not systematically collected and this needs to change if we are to have robust, complete evidence on which to base policy decisions.

    Our recommendations:

31. **The UK Government should formally legislate that independent providers of health and care services should disclose the same workforce information as NHS providers do. It is in the interests of policy-makers and patients that the full workforce picture be established**

32. **Independent providers should be legally required to collect and publish the same workforce data as the NHS does. This is vital if the Government is to develop policy which is robust, holistic and evidence-based**

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[11] MAC, ‘Partial Review of the Shortage Occupations List’ (2016)
[12] NHS Digital, ‘NHS Staff Earnings Estimates to June 2016’

Sub-question 4: Is there a case for regional variation in immigration policy?

33. At present we have nothing to contribute to this question.

Sub-question 5: How successful have policies to control the level of migration from non-EU countries been? Are any changes required if these controls are extended to migrants from EU countries?

34. The profound shift which has taken place in the origin of internationally recruited nurses - from non-EEA to EEA countries - would suggest that the Government has largely been successful in reducing these numbers.

35. We recognise that designing systems to attract highly skilled migrants to come to the UK is difficult and complicated. Therefore, at this stage, we would continue to advise that any changes to the current non-EEA immigration system – principally the use of tiered visas – should take into account the vital contribution which nurses and other health workers make to the public good. Presently, the system is too focused on salary levels, which while a good indicator of value, is not the only measure. Nurses for example are highly skilled professionals who, since 2013, have been educated to degree level, required to uphold a professional code of conduct and are expected to improve their skills through continuing professional development. None of these factors currently feed into the UK's wider immigration system and we believe this should be subject to review at an appropriate time.

Our recommendations:

36. **Any changes to the current non-EEA immigration system – principally the use of tiered visas – should take into account the vital contribution which nurses and other health workers make to the public good, as well as their level of education, breadth of skills and obligation to continually improve their practice**

Sub-question 6: What lessons can the UK draw from the experience of other countries?

37. There is no perfect immigration system and we would note that the political pressure facing the UK Government to control immigration levels is also present in many other countries, including those with immigration systems which have been touted as providing possible models for the UK to emulate, such as Australia.

38. When it comes to creating a viable, content future labour force we would urge that policy-makers not look at this question as merely a priority for keeping non-UK nationals out. It is very much about creating the right incentives package, positive work environments etc. that will make people (both UK and non-UK) want to come and stay in these sectors.

Our recommendations:

39. **That the UK and devolved governments should, in partnership with sector stakeholders (including the RCN), develop a holistic, long term workforce plan to address our overreliance on international recruitment, resolve key challenges to low morale and high rates of burnout, to ensure a future workforce which is fit for purpose**

40. **That the UK Government should not seek to simply lift another immigration system from elsewhere without properly assessing the unique needs of the UK labour market first. This assessment should be done in partnership with representatives from across key sectors of the UK labour force – including health and social care – to ensure that we develop the best possible model**

Royal College of Nursing, February 2016

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