

New pay progression system for England

A guide for staff side representatives

NHS trade unions – improving NHS pay



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Introduction

As part of the 2018 NHS pay framework agreement a new pay progression system will come into effect on 1 April 2019. This will apply to new starters and those promoted to a new role on or after 1 April 2019. Under this new system pay progression will no longer be annual, nor automatic¹ and will be subject to staff meeting national standards (outlined below).

For all other Agenda for Change who were in post before 1 April 2019, current organisational pay progression procedures will continue to apply until 31 March 2021, and then they too will be subject to the new provisions.

This guidance will help you to prepare for implementation of the pay progression framework and should be read in conjunction with [NHS Terms and Condition of Service Handbook Annex 23](#) and supporting pay progression materials, particularly the guidance for staff which explains how the new approach will affect employees.

There are three key areas that staff side representatives and activists will need to work on:

1. Local policy development and agreement
2. Supporting members through a pay step
3. Monitoring implementation and outcomes

You can find all the agreed Staff Council materials on pay progression at www.nhsemployers.org/your-workforce/2018-contract-refresh/pay-progression. You should use this staff side reps' guide in conjunction with the Staff Council materials.

1. Local policy development and agreement

To implement the new arrangements, employers need to have a pay progression policy. This should be agreed in partnership with local staff side, and contain local processes and procedures that follow the requirements of the new Annex 23. NHS Improvement will be monitoring policy development so your employer may be asked to provide information and data to them.

¹ Post 2013 some employers chose to continue to have automatic incremental progression

Appraisal policies

The pay progression framework is underpinned by the mandatory annual appraisal process. Therefore your organisation's newly developed pay progression policy should be clearly aligned with the existing appraisal policy. If your appraisal policy works well it should not need to be changed and the new pay progression policy will create the link between appraisal outcomes and pay steps.

However, if you think there are issues with how well your organisation's current appraisal policy is working, now is the time to address them. It's clear that for many staff appraisals are not meaningful – the 2018 NHS staff survey showed that only 23% of staff feel their appraisal definitely helped them to improve how they do their job; and only 34% said it helped them agree clear objectives for their work.

NB – appraisals may only be annual, and do not have to coincide with pay-step dates, but should be backed up by regular 1-2-1 discussions.

As staff side reps you should ensure that you are involved, through local negotiating mechanisms, in the development of the new pay progression policy and any changes to the existing appraisal policy.

Things to look out for when negotiating progression policies

- The new arrangements should not be applied to existing staff before 1 April 2021, unless they are promoted on or after 1st April 2019.
- If existing staff receive incremental pay rises automatically now under current arrangements, they should continue to do so until the end of March 2021.
- There must be clear provisions on timings of appraisals and pay-step reviews and clear responsibilities for ensuring they happen as required, including data collection and reporting.
- There should be provision for training, especially for line managers and union representatives.
- There should be contingency arrangements for when line managers are absent, to ensure staff are not disadvantaged.
- You will need to agree a clear process for contesting pay step outcomes – either the local grievance or a specially designed appeal procedure that ensures the right to be accompanied by a union representative.
- You should agree processes for ensuring the quality of appraisals. For example, staff should always be provided with a written copy of agreed objectives and personal development plans. You can use [local NHS staff survey reports](#) to look at your organisation's results on appraisal quality to check how well your policy is currently working for staff.
- You may also want to discuss quality control of decision-making on pay progression – for example processes for checking consistency of managers' decisions or additional levels of sign off in particular circumstances where pay progression is deferred.
- There should be systems to enable equality impact assessment and regular monitoring of outcomes (see below).

Content of appraisals

Appraisals typically include a conversation about the employee's role, setting objectives and reviewing progress, and identifying development needs. In addition your organisation may include other things in the appraisal process, and now that the outcome will be linked to pay progression you will want to make sure these are fair, transparent and objective. Some examples:

- **Competency frameworks:** Where these are used or proposed you should ensure the system is well communicated and transparent; that members know what is required of them; and they receive support and training to meet their competencies.
- **Organisational standards/values/behaviours:** Your employer may wish to link pay progression to organisational standards/values/behaviours, usually by including these in the appraisal policy. This could have a significant impact on staff and should be discussed and agreed with staff side at local level.

When negotiating around standards/ values/behaviours there are a number of things to consider, including:

- How staff will be engaged in their development and periodic review.
- Whether the subject matter is relevant and applicable to all staff groups and if not, is this clear?
- How staff are informed of what is required of them and supported to work as expected.
- Ensuring any standards/values/behaviours are capable of being measured objectively.
- The equality impact of any requirements (for example would the expected behaviours conflict with religious beliefs) and whether any differential impact can be objectively justified.

As with any agreed policy, there should be a mechanism for regular monitoring and review in partnership.

Other policies

Other policies will also need to be reviewed and cross-referenced. For example:

- **Training and development policy:** do the provisions for statutory/mandatory training ensure there will be no barriers to pay progression? Do the provisions for learning and development support staff to get the best out of their appraisals?
- **Disciplinary policy:** this should build in a process for checking any proposed sanction for how it would impact on the individual's pay progression. This is vital to ensure equity, and guard against double jeopardy and potential discrimination. For example [Workforce Race Equality Standard data](#) shows

that black and minority ethnic (BME) staff are disproportionately likely to be taken into formal disciplinary processes.

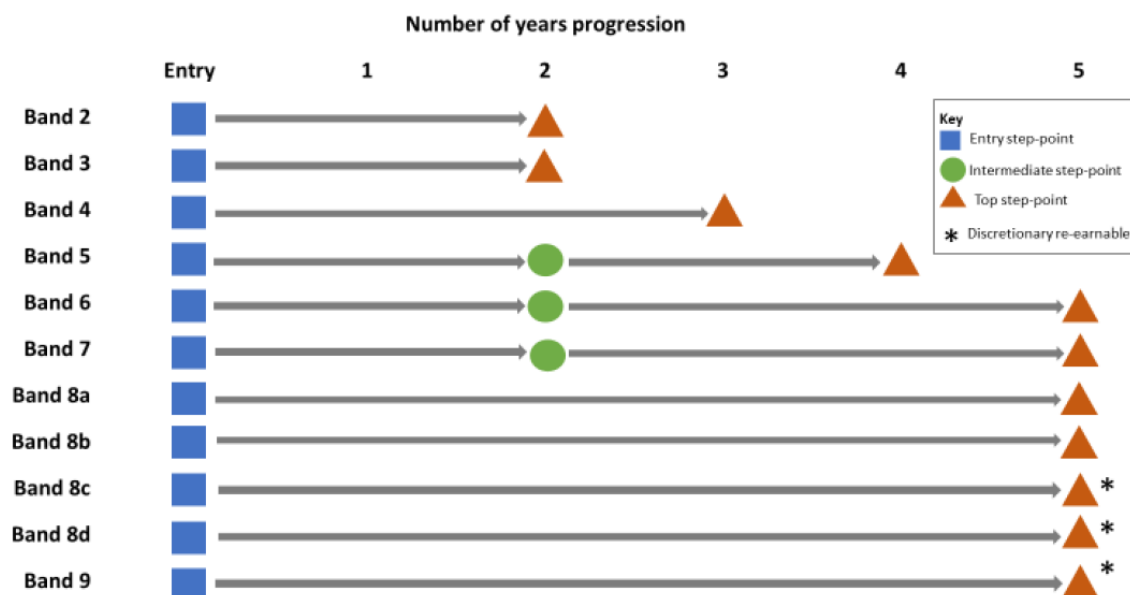
If the disciplinary policy allows for lengthy sanctions, these must be challenged as they will now have an additional impact on pay progression. You should also challenge sanctions on an individual basis when representing members where they may unfairly impact on their pay progression. Remember that Annex 23 explicitly excludes sanctions for sickness absence from affecting pay progression.

2. Supporting members through a pay step

As pay progression will no longer be annual under the new system, the first pay-step reviews will take place from April 2021 as staff joining or promoted on or after 1 April 2019 reach their first pay-step dates. You should advise staff to make sure they know when their pay step date is due and make sure that this information is easily and automatically available to them (through ESR Self Service or other means) ensuring access and inclusion for staff who do not have computer access at work.

Some staff will only have one pay-step date as under the new structure their bands consist of an entry pay point and a top point (bands 2, 3, 4, 8a, 8b, 8c, 8d and 9).

Other staff will have two pay-step dates as their bands have an entry point, an intermediate point and a top point (bands 5, 6 and 7).



Standards for progression (annex 23, para 19)

To progress to the next pay-step point, staff must have met the following standards:

1. Their appraisal process has been completed within the last 12 months and outcomes are in line with the organisation's standards.
2. They are not in a formal capability process.
3. There is no formal disciplinary sanction live on their employment record.
4. They have completed all required statutory and/or mandatory training
5. *If they are a line manager* – they have completed appraisals for all their staff as required.

The 2018 Framework agreement is clear that:

“The expectation is that all staff will meet the required standards and therefore be able to progress on their pay-step date. Appraisal processes should involve regular conversations between staff and their line managers to ensure that required standards are understood, and additional support identified in good time.” (Annex 23, para 3).

And the agreed principles for local appraisal policies include the statement that:

“Organisations will budget and plan financially on the basis that all staff are expected to achieve their pay step points on their pay-step dates.” (Annex 23, para 53 ii).

Pay step deferral

Nonetheless, there may be occasions when a manager decides to defer a member's pay step until they meet the required standards. The following is taken from the [staff guidance on pay progression](#).

“Managers will defer your pay-step progression if they conclude that you are not meeting the pay progression standards unless this is due to factors beyond your control or there are other relevant mitigating factors. Your manager will be required to follow their local policy to defer pay progression, noting the reason for non-progression. You have a right to contest it if you do not agree with their decision.

If your pay step is deferred, your manager should work with you to discuss and agree a plan for any remedial action needed to ensure that the required standards are met, including a timescale, and how any training and support needs will be met. As soon as you meet the standards, your manager will meet with you again to confirm your pay-step progression and your pay will be increased effective from the date that you can show that you met the standards. Any deferral will not change your next pay-step date where you have one.”

Members may seek your support to challenge a decision to defer their pay step. You should have an agreed process for how this is done which all staff know about – either a defined procedure in the pay progression policy or via the local grievance policy. To help you best support the member make sure you are familiar yourself with ALL the Staff Council pay progression materials available via the NHS Employers website – especially those that relate to line manager and employer responsibilities. The detailed scenarios will also give you additional information about how the system is intended to work.

Problems with the pay-step review process

Line managers are required to arrange pay step meetings in advance of a member of staff's actual pay-step date so as to ensure pay progression happens at the correct time. They should receive notification from the payroll system of forthcoming pay steps however, if this does not happen or they don't arrange the meeting in time a member's pay step may be incorrectly delayed. If this happens the pay step must be backdated as soon as possible and the member supported to make the case for compensation for any financial difficulty they experience as a direct result. Monitoring arrangements should pick up where this happens and action should be taken accordingly. Advise your members to be aware of when their pay-step dates are so they can prompt their manager if necessary – although it is the manager's responsibility to manage the process.

Supporting members who are line managers

You may be asked to support a member who is a line manager and is having difficulty fulfilling their requirements under pay progression. This might be because they have too many staff and not enough time to complete all their staff's appraisals.

The [Staff Council guidance for line managers](#) contains the following:

“Number of appraisals per manager (span of control)

Best practice would suggest that an effective manager would have no more than eight direct reports, where achievable. However, we are aware that some areas may potentially have more than this. Speak to your manager or organisational development team if you have more than this number, to look at ways of addressing this and/or alternative ways for delivering high quality appraisals. You should raise any concerns you have and request additional support where you think you might need it.”

Things to look out for when supporting members

- Pay steps must not be deferred where standards are not met due to issues beyond the member's control. These could be workplace issues e.g. not being allowed time to undertake training; or personal ones e.g. bereavement, health issues.
- Has the organisation misapplied the process? For example not recognising continuous service, not applying pay steps during authorised absence or not removing disciplinary sanctions promptly.
- Was the member aware of the potential problem before the pay-step meeting? The Staff Council guidance is clear that there should be "no surprises" and that time to address issues in advance should where possible have been allowed.
- If a member's pay step is being deferred due to standards ii) or iii) is the capability process or disciplinary sanction challengeable in its own right? Pay steps must not be deferred for disciplinary sanctions due to sickness absence
- If the outcome of any challenge is unsuccessful is the plan for remedial action fair and timely?

Further guidance on the re-earnable element of pay for members in bands 8c, 8d and 9 will be provided here once further national discussions have concluded.

Helping members get the best out of the process

In addition to supporting members with problems regarding pay progression, representatives should take the opportunity to provide support to members preparing for appraisals and pay step meetings; and identify and advocate for development opportunities. This pay progression process also gives staff the chance to update their job descriptions which in turn may create opportunities to seek rebanding through job evaluation processes. Further information on job evaluation can be found at www.nhsemployers.org/your-workforce/pay-and-reward/job-evaluation

3. Ensuring good practice – monitoring implementation and outcomes

It is essential that staff sides hold organisations to account on their implementation of this and all other aspects of the 2018 pay deal. NHS Staff Council published a [checklist](#) for employers once the pay deal was agreed that stressed the need for engagement with staff sides, and a 'Next Steps' [guide](#) outlining key areas of work. Partnership Implementation Boards or similar should have been set up to ensure organisational readiness and to manage implementation locally. Staff sides should be well represented on these boards. This is being monitored by NHS Improvement.

With regard to pay progression there are two key areas where staff sides will want to ensure progress is being made and issues are being dealt with:

- a. Ensuring the administration is working correctly and in time
- b. Good monitoring data collection and analysis including equality impact assessment

Administration

The new pay progression framework requires effective use of the Electronic Staff Record payroll system. From 1 April 2019 for new starters and promoted staff pay progression is no longer “automatic.” And from 1 April 2021 this will apply to all staff.

So for pay-step reviews under the new system employers will need to instruct the system to increase pay at the required times rather than it happening by default. HOWEVER cost of living pay increases will still be applied automatically each year.

In the meantime up until 1 April 2021 employers will need to ensure that existing staff continue to get their progression under current arrangements. In most cases the payroll system will apply these automatically, unless your organisation had already introduced a link between progression and appraisals as a result of the 2013 Staff Council agreement.

As a staff side you should seek assurances that payroll teams, line managers and workforce analysts know about their responsibilities under this system and have the necessary procedures in place to ensure pay steps are paid in a timely way. The pay progression [flowchart](#) outlines the steps necessary under the new system.

Key issues include:

- How will managers and staff be alerted to their pay steps dates?
- Ensuring sufficient time for pay step meetings to be arranged in advance of the actual pay step date
- Who is responsible for switching on pay progression?
- Are ESR users trained adequately?
- Is ESR self-serve available?

Monitoring data

The pay progression arrangements are outlined in Annex 23 of the Agenda for Change Handbook. This annex requires organisations to collect and monitor data on outcomes to ensure compliance and equity. In relation to pay step deferrals ESR will capture which of the five possible reasons set out in Annex 23 apply, and also reasons for re-earnable deductions for 8c, 8d and 9. Staff side will want to ensure that full information is captured in all instances.

Annex 23 states the following –

Data on pay-step and re-earnable pay outcomes must be collected, audited, published and monitored locally in partnership with trade unions, including by

protected characteristics and contract status, and in line with Staff Council guidance.

Organisations should have a clear line of accountability for investigating and taking action on any evidence of disadvantage or discrimination in process and outcomes.

Organisations must also collect and submit the required data necessary to support national monitoring of the pay progression system by and on behalf of the Staff Council.

Local staff sides will need to ensure that pay progression reports are made to Partnership Forum/JNC meetings regularly (at least annually) and that there is staff side representation on any group charged with either monitoring outcomes and/or investigating potential disadvantage or discrimination.

Pay progression outcome data should be available by each of the protected characteristics in the Equality Act 2010 and also by occupational group; part time/full time status; pay band; ward/departmental/section/division level – and any other criteria that may be appropriate locally. Additional data is required for staff in bands 8c and above to monitor whether and why 5% or 10% of pay is deducted. Where equalities data is incomplete or inadequate for monitoring purposes, staff side should work with employers to encourage greater disclosure.

The grid below is a useful template for inclusion in local policies to specify how and when monitoring will take place.

Standard	Process (eg ESR report, narrative report)	Responsible officer (eg ESR analyst, Equality lead)	Accountable committee (eg Partnership forum)	Frequency (at least annually)
Pay step deferrals by :- Protected characteristics Full time/part time status Location Band Occupational group Other locally agreed criteria				

If there are differential outcomes in monitoring reports, by any factor, there must be an agreed process for investigating the reasons for this. Discussions will then need to take place, in partnership, to agree any remedial action and how to prevent such outcomes in the future.

Staff side checklist

- Familiarise yourself with the required standards for pay progression and other documentation including Annex 23 and the scenarios.
- Actively participate in partnership board/forum meetings to agree a new pay progression policy.
- Assess as a staff side whether changes are necessary to associated policies e.g. appraisal, disciplinary and training, and take to PF/JNC if necessary.
- Ensure systems are in place to manage pay progression implementation locally including alerting staff and line managers to pay step dates.
- Communicate pay progression requirements with members – existing staff and new starters – through your usual channels.
- Escalate concerns as appropriate in your union.

Further resources

- ✓ [2018 Pay Deal resources](#)
- ✓ [Pay progression webpage](#)
- ✓ [NHS Terms and Conditions of Service - Annex 23](#)
- ✓ [Guidance on pay progression \(for organisations, line managers and staff\)](#)
- ✓ [Scenarios](#)
- ✓ [Pay step submission process flowchart](#)
- ✓ [Pay progression submission review template](#)
- ✓ [Pay journey tool](#)

