Local variation of transitional pay arrangements – guidance for payroll managers

We are aware that a number of employers have chosen to vary the terms of Schedule 14 (transitional arrangements) of the 2016 terms and conditions of service (TCS) for some of their doctors. This is in response to concerns raised by doctors or by the BMA locally that the negotiated contractual arrangements are unfair. The substantive pay arrangements under Schedule 2 of the TCS are designed to be fair, but the purpose of transitional arrangements is to mitigate loss over a time limited period rather than to ensure equity. This unfairness is sometimes deeply felt by those who benefit less from the arrangements than others. This is true of all pay protection arrangements, including those in other NHS contracts.

Employers do have the freedom to vary terms at a local level, and this guidance sets out how these arrangements should be recorded on the electronic staff record (ESR) system. Employers varying the TCS in this way need to ensure that the correct contractual position is reflected on ESR, as it is only the arrangement set out in the TCS that is binding on subsequent employers.

Where employers choose to agree different arrangements locally, it should be made clear to the doctors that these arrangements do not follow the national TCS, and do not have to be recognised by any subsequent employers.

Essentially, employers agreeing local variations must not adjust the value of the cash floor that is put into ESR. The basic salary protection and banding value protection fields must be inputted into ESR exactly as set out in the TCS. Any local variation to these must be entered as a separate local element reflecting the value of the adjustment.

To demonstrate how this can be done on ESR we have created two example scenarios.

**Scenario A:**
An employer has agreed to raise the value of the cash floor for one or more trainees to a higher level than that set out in the TCS.

To pay this, the employer must do the following on ESR:

- Input the correct basic salary information into the cash floor field
- Enter the correct banding information into the cash floor field
- Input, as a local pay element, the value of the additional pay protection.
Example:
An F1 trainee whose post prior to transition was unbanded (5 per cent supplement) but where the employer granted a cash floor as if the trainee was on a 1C (20 per cent) rota:

Basic salary protected: £1905.16 (monthly value)
Banding protected: £95.26 (monthly value of the 5 per cent banding)
Local element: £285.78 (difference in value between a monthly 1C banding and a 5 per cent supplement)

This means that a subsequent inter-authority transfer (IAT) would pull over the correct (lower) cash floor information (as the local element will not be included), so that the next employer can pay the doctor appropriately.

Scenario B:
An employer has agreed to average the value of the cash floor across a group of trainees, so that some get a higher level than that set out in the TCS, and others get a lower level.

To pay this to the first group [those being offered higher protection] the process would be the same as for Scenario A above.

To pay this to the second group [whose pay protection is lower], the employer must do the following on ESR:

- Input the correct basic salary information into the cash floor field
- Enter the correct banding information into the cash floor field
- Input, as a local pay element, the value of the reduced pay protection [this would be a negative value].

Example
An F1 trainee whose post prior to transition was banded at 1A (50 per cent supplement) but where the employer, through agreement with the Local Negotiating Committee (LNC), reduced this to band 1B (40 per cent) to fund higher payments elsewhere:

Basic salary protected: £1905.16 (monthly value)
Banding protected: £952.58 (monthly value of the 50 per cent banding)
Local element: £190.52 (negative value to reflect the difference in value between a monthly 1A banding and a monthly 1B banding).

This means that a subsequent IAT would pull over the correct (higher) cash floor information [as the local element would not be included], so that the next employer can pay the doctor appropriately.

Note: Failure to follow the above processes will result in subsequent employers having incorrect information when trainees rotate, leading to under/overpayments and dissatisfaction amongst trainees.