

Pay progression

Employer guidance

This guidance will help employers to prepare for implementation of the pay progression framework. The new pay progression system will come into effect on 1 April 2019 for new starters or those promoted to a new role on or after 1 April 2019. Promotion means moving to a higher banded role.

For all other staff who were in post before 1 April 2019, current organisational pay progression procedures will continue to apply until 31 March 2021, after which time they will also be subject to the new provisions.

This guidance should be read in conjunction with the [NHS Terms and Condition of Service Handbook](#) annex 23 and supporting pay progression materials.

Making it happen

The new pay progression framework is underpinned by the mandatory annual appraisal process and is intended to ensure that all staff within each pay band have the appropriate knowledge and skills they need to carry out their roles, enabling them to make the greatest possible contribution to patient care.

Organisations will need to ensure that they have clear policies and procedures covering line management responsibilities, appraisal timeframes, documentation and audit trails. They will also need to ensure appropriate training and support for line managers and staff is in place.

Local appraisal policies will be at the heart of the new system, supported by effective use of the Electronic Staff Record (ESR).

Electronic Staff Record (ESR)

The NHS Staff Council has worked closely with the NHS Electronic Staff Record (ESR) programme on the detailed policy requirements so that ESR can be updated to support the delivery of the new pay progression framework and appraisal system. Accurate and full use of ESR (including its Self Service facilities) will enable organisations to implement this new system effectively and efficiently.

Transitional arrangements for pay progression up to end March 2021

Staff in post before 1 April 2019 will retain their existing pay step date (previously referred to as incremental date) throughout transition and will move automatically through their [pay journey](#) during transition. If they have not already benefited from deletion of a pay point, it is expected that they will automatically move to the next pay point on their pay step date, reflecting their additional complete year of experience.

The ESR system is able to progress existing staff automatically. Pay progression during transition will continue to be subject to any existing locally agreed arrangements for managing pay progression which may have been implemented in accordance with the NHS Staff Council's 31 March 2013 pay progression agreement.

New pay progression system

Under the new pay progression arrangements, pay step points will be closed on the payroll system. This will apply for new starters or those promoted to a new role on or after 1 April 2019, and for all staff from 1 April 2021.

System functionality

Pay step review submission process

The outcomes of the pay step submission process will be recorded via a new pay progression meeting review, using the appraisal functionality within ESR Self Service. For those organisations that are yet to deploy ESR Self Service, a form against individual assignments on ESR will be available to enable input by central users (HR).

For those organisations that use the ESR appraisal functionality, the annual appraisal can be recorded, and a new pay progression meeting review type will be added. At the point of the pay step review, the outcome will be recorded and pay progression will be activated or deferred.

A national template, supported by the NHS Staff Council, will be included to complete as part of the new pay progression meeting review.

All employers will need to record whether an individual can progress by selecting:

- Yes
- No (a new field to capture the reasons for deferral will also be added)
- Yes, following deferral

If a manager has confirmed that an individual is not able to progress at this stage, they should select 'no' and record the reason. If the individual is subsequently able to progress, the manager should create a new pay progression meeting review, record the detail as to why progression can be reinstated and select 'yes, following deferral'.

Notifications to managers

ESR will generate notifications, accessed by ESR Self Service users, to managers and employees to advise when a pay step date is imminent. These will be sent only in a year where a pay step is due.

Employees will receive a notification sent four months and one month prior to a pay step date. Managers will be sent a monthly email that will detail the pay step dates of their direct reports which are due within the next 90 days.

In addition, central role holders (HR/payroll) will receive the same email as managers on a monthly basis, but these will detail the pay step dates that are due within the next 45 days.

Organisations that do not currently use ESR Self Service will need to ensure they have the appropriate notifications set up and may wish to mirror the four months /one month pattern used in ESR Self Service.

My ESR dashboard

To give employees more information about their pay progression, a new portlet will be available on the My ESR dashboard covering:

- pay step date
- when a pay step is due
- last appraisal date
- next appraisal date
- appraisal or review type

Monitoring and reporting

The business intelligence (BI) reports within ESR will enable employers to pull off the following information:

- When pay step date reviews are due, when they take place and when they are signed off on the system.
- Outcome of the pay step review and any reasons for non-progression.
- Employees who have or have not progressed, by grade and staff group.
- Equality and diversity data.

Further information

Further guidance on the system functionality is available within the [Discover Your ESR tool](#).

A case study on completing performance appraisal reviews through ESR Self Service is available on the [ESR website](#).

Monitoring arrangements

It is expected that organisations will adopt an equitable approach to this new system, where appraisal processes apply fairly and evenly across all staff groups and departments/work areas.

Outcomes

Data on pay step and re-earnable pay outcomes must be collected, audited, published and monitored in partnership with staff side trade unions, including by protected characteristics and contract status. Organisations should have a clear line of accountability for investigating and taking action on any evidence of disadvantage or discrimination in process and outcomes.

NHS Improvement (NHSI) will use collected data from ESR to support national monitoring of pay progression. The reporting framework will be shared once it is complete. Oversight of implementation of the pay reforms in accordance with the framework will be undertaken through existing NHSI oversight mechanisms on behalf of the NHS Staff Council.

Operational monitoring

Employers should put in place systems to monitor how well processes around appraisal and pay progression are working in practice. Areas for monitoring could include:

- timeliness of processing pay progression reviews so that pay progression is not delayed
- take-up/coverage of annual appraisals
- issues affecting timely availability of and access to statutory and mandatory training
- quality assurance and consistency of decision-making across different parts of the organisation.

NHS Terms and Conditions of Service 2018

THE NHS STAFF COUNCIL
WORKING IN PARTNERSHIP

Employer checklist

This checklist builds on the [NHS Terms and Conditions of Service 2018 employers checklist](#) and the employer responsibilities listed in the 2018 [framework agreement on the reform of Agenda for Change](#).

It should help you to ensure you have everything in place for the new pay progression system, which will come into force on 1 April 2019 for new starters and those promoted to a new role on or after 1 April 2019. Promotion means moving to a higher banded role.

As pay progression will no longer be annual under the new system, the first pay step reviews will take place from April 2021, when staff joining or promoted from 1 April 2019 will reach their first pay step dates.

Employer responsibilities:

- ✓ Operate the agreed pay structure fairly.
- ✓ Commit to staff development.
- ✓ Enable staff to work safely and effectively.
- ✓ Value the appraisal process and understand the importance of the line manager/staff relationship to staff development and the positive impact this can have on recruitment and retention, staff morale and performance, and patient satisfaction and safety.
- ✓ Operate an agreed appraisal policy with equality monitored processes and consistent outcomes across the organisation.
- ✓ Ensure that the pay step submission process does not have the effect of discriminating directly or indirectly against any member of staff.
- ✓ Work with NHSI to report on the initial and ongoing implementation of the pay structure.
- ✓ Support line managers in delivering appraisals through training and resources, including, but not limited to, equalities training.
- ✓ Enable line managers and staff to participate in the appraisal process and regular meaningful discussions throughout the year, including, but not limited to, facilitating adequate time to prepare.
- ✓ Ensure staff records are kept accurately so that pay step dates are shared in advance and line managers alerted to the need for discussion.

- ✓ Ensure sufficient statutory/mandatory training is available and accessible to all staff.
- ✓ Financially plan and budget on the basis that all staff are expected to achieve their pay step points.
- ✓ Develop and maintain relevant policies and procedures in partnership with local staff side, including a right to contest and effective equalities monitoring.
- ✓ Have a comprehensive training and development policy covering all staff.

Principles

The 2018 [framework agreement](#) indicates that you should follow these principles when developing your local appraisal policy and pay progression process:

- ✓ Your appraisal policy will need to be consistent with your local objectives and the NHS Constitution for England and should identify relevant competency frameworks such as the Knowledge and Skills Framework (KSF), ensuring staff and managers understand how they operate.
- ✓ Your organisation should budget and plan financially on the basis that all staff are expected to achieve their pay step points on their pay step dates.
- ✓ Regular appraisal, performance and/or development reviews should continue to play a central role in determining whether an individual has met the standards required of them locally for pay progression.
- ✓ Local policies will need to be developed, monitored and reviewed in partnership with staff side unions and include a comprehensive training and development policy covering all staff.
- ✓ Every line manager undertaking appraisals should have access to appropriate time, training and development, including training on their equality responsibilities.
- ✓ Staff should actively participate in appraisal processes and be supported to do so.
- ✓ Managers should monitor and discuss performance throughout the year so that problems are identified and addressed appropriately as soon as possible.
- ✓ Individuals will have the right to contest any decision where the required level of performance is deemed not to have been met.
- ✓ You should complete an equality assessment of local systems before implementation, and conduct equality monitoring once in operation.

Actions

Policies and procedures

- ❑ Review, and if necessary update, your current pay progression and appraisal process in partnership with staff side.
- ❑ Cross-check and review interaction with the organisation's disciplinary policy to ensure fairness and safeguard against inequity. Key factors to review:
 - Are disciplinary sanctions disproportionately applied to groups with particular protected characteristics?
 - Is there a process of checking dates before disciplinary sanctions are applied to understand and review whether they will have the effect of delaying a pay step point, and whether this would create inequity?
 - Is sickness absence dealt with through a separate absence management process (unless a conduct issue is involved)?

Systems and processes

- ❑ Have a clear process to document objectives and personal development plans.
- ❑ Ensure you have a robust system for recording appraisal and pay progression outcomes (this could be ESR employee self-service or another local system).
- ❑ Ensure effective systems for accurately flagging in advance when a pay step date is due and ensure that managers have time and resources to manage these processes.
- ❑ Ensure adequate cover arrangements are in place for when line managers responsible for appraisals and pay step reviews are absent from work.
- ❑ Ensure effective systems for processing outcomes of pay step reviews and ensuring payroll changes are done accurately and on time.
- ❑ Ensure adequate provision for statutory and mandatory training and for access to continuing learning and development opportunities.
- ❑ Review your internal mechanism for recording and reporting statutory/mandatory training to line managers and staff and ensure it is up to date.
- ❑ In partnership with your local trade unions, ensure your local policy incorporates a process that clearly states who will review any decisions to delay pay progression, and specifies timescales and processes for submitting and responding to staff who contest a decision.

Preparing staff

- ❑ Communicate the changes to pay progression and any internal systems to line managers and staff as appropriate.
- ❑ Provide good availability of training for line managers and staff on effective appraisals and how this links to pay progression under the new system.

- ❑ Provide guidance for how appraisals will be conducted in atypical situations such as staff on secondment, staff acting up, or staff in split roles.

Data and monitoring

- ❑ Take steps to review and improve equality and diversity data held on staff to ensure that monitoring is based on comprehensive information.
- ❑ Review your data monitoring system to ensure you are able to meet the requirements of NHS Improvement.
- ❑ Review your appraisal and pay progression monitoring system in partnership with staff side to ensure outcomes are equitable and consistent across the organisation.

Next steps

- ✓ [Read the revised annex 23](#) and associated pay progression materials.
- ✓ Develop a plan for any areas that need further preparation.
- ✓ Consider what support may be required for your managers. Our manager checklist may be helpful, as well as our [people performance management \(PPM\) toolkit](#) to support line manager conversations around performance.