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<b>Policy Validity Statement</b>
This policy is due for review on the latest date shown above. After this date, policy and process documents may become invalid. Policy users should ensure they are consulting the currently valid version of the documentation.

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● **INTRODUCTION**

1.1 Changes to the national Agenda for Change agreement (Annex W) allow employers to agree with the recognised trade unions an appraisal process, which links an individual’s incremental progression to the performance in their role.

1.2 This framework has been developed by the national Clinical Commissioning Group Partnership Forum (CCG PF) and should be supported by a local framework developed and agreed with local trade unions following the same principles in Agenda for Change Annex W and the NHS Constitution.

1.3 CCGs should apply this nationally agreed incremental pay progression policy consistently.

● **POLICY STATEMENT**

2.1 This framework focuses on enhancing the effective management of annual pay progression through

robust annual appraisals to ensure the personal development of the employee and the efficiency of the organisation. Incremental pay progression for all pay points, within each pay band, will be conditional upon individuals demonstrating that they have the requisite knowledge and skills/competencies for their role.

2.2 In line with HR18 Appraisal Policy it will be for local partnership forums to agree the framework for performance appraisal, including the competency framework and organisational objectives. Each member of staff should agree their own objectives with their line manager. Individual objectives should be linked to the Organisation's objectives.

2.3 The Knowledge and Skills Framework (KSF) is integral to the Agenda for Change agreement and will provide a robust and transparent appraisal system. Where KSF has not been fully implemented "Simplified KSF" can be used to enable CCGs to develop and implement local arrangements that are consistent with the principles underlying the national KSF framework.

2.4 Where CCGs do not have KSF in operation their local appraisal system must be based on the principles of KSF – refer to the Simplified KSF available on the NHS Employers website: <http://www.nhsemployers.org>

2.5 It should be noted that pay progression is automatic until a system is developed in partnership with the trade unions and is fully embedded. Employees who demonstrate the required levels of performance during the performance review period will benefit from incremental pay progression.

2.6 There will be no quotas for the numbers of staff who progress through their increment; this should be decided on an individual case by case basis and not subject to any real or perceived targets.

## ● **ROLES AND RESPONSIBILITIES**

### ● **Line Manager**

Line managers are responsible for:

- Ensuring this policy and procedure is applied to all staff accountable to them for annual appraisals. It is the responsibility of the manager to ensure that they complete the CCG appraisal process, providing details of whether an employee is able to proceed through their pay increment or if a deferral needs to take place.
- Conducting annual appraisals/development reviews and ensuring that they have access to regular reports giving the names of their staff and their incremental date.
- Ensuring they have the appropriate knowledge and skills and have attended suitable training to correctly apply this policy and procedure including equality training.
- Making decisions to defer incremental pay progression where appropriate

### ● **Employee**

Employees are responsible for:

- Raising awareness of their incremental date with their line manager a minimum of four months prior to their incremental date thus ensuring a date is agreed for their appraisal 3 months prior to the incremental date.

- Engaging with all aspects of the appraisal system as a failure to take part without good cause could result in their incremental progression being deferred for a period.

- **PRINCIPLES**

- **Application**

This policy and procedure applies to all staff in CCGs employed under Agenda for Change Terms and Conditions of Employment and must be applied fairly and consistently in accordance with the CCG's commitment to equality and diversity.

Before this policy is applied line managers must ensure that the employee has had an effective and fully supported appraisal. This will assist staff to achieve performance outcomes as described in the Knowledge and Skills Framework (or locally agreed framework) for their post.

- **Transition**

In order to ensure a smooth and safe transition to this new incremental system, the national Partnership Forum has agreed to a transition year, 2013-14. During this transition year, staff and managers will apply the appraisal process in "shadow form", i.e. agree appraisal objectives, undertake the full appraisal process and discuss the impact on pay – managers will forward outcomes to HR for monitoring processes, but there will be no impact on pay linked to the appraisal (automatic incremental progression will continue during the transition year for pay bands 2 - 9). The policy will be applied fully from 1<sup>st</sup> April 2014.

- **Deferment**

Pay Progression at incremental points will occur as per the Agenda for Change Terms and Conditions Handbook, which does allow deferring incremental pay progression in exceptional circumstances relating to significant weaknesses.

*'Significant weaknesses are those which prevent a staff member from continuing to apply consistently, across a recognised normal workload, the knowledge and skills specified under the KSF foundation post outline or for staff at the second gateway, the full range of knowledge and skills specified under the full KSF post outline, without continued supervision and support inappropriate to the post'. (Terms and Conditions para 6.29)*

Any issues of performance, competencies or skills should be raised well in advance of the On-Going Review & Objectives meeting and line managers should ensure there are no surprises at the review. The whole review period should be assessed, rather than recent events, ensuring there is timely recognition of accomplishment or feedback on poor performance.

Any delay in appraisal that is not the fault of the employee will not delay incremental progression.

The framework does not automatically link policies on conduct (disciplinary, capability and sickness) to incremental pay progression. It should be decided at the appraisal meeting whether any issues have affected the performance of the individual in their role. It should be noted that withholding increments should not be seen as a punitive measure and should not be used to manage poor conduct. Employees who perform satisfactorily in their role should benefit from their annual increment.

Where incremental points are deferred this is not in place of, nor an outcome of capability or disciplinary action.

- **Monitoring**

The policy seeks to underpin the importance of providing individual support and feedback on an employee's performance and progress. Data on the application of the appraisal system and how it impacts on staff across the CCG will be collected and monitored by local Partnership Forums. Particular consideration will be given to ensuring confidentiality of the data presented and equalities data.

- **PROCEDURE**

Local CCG Partnerships Forums will need to agree a procedure to assure incremental pay progression is being applied consistently, transparently and fairly and in line with equal opportunities principles.

### **5.1 Pay Progression all Pay Bands**

Incremental pay progression for all pay points, within each pay band, will be conditional upon individuals demonstrating that they have the requisite knowledge and skills/competencies for their role and that they have demonstrated the required level of performance and delivery during the annual review period. (AfC Annex W)

Provided the appropriate level of performance and delivery has been achieved during the annual review period, as evidenced in the appraisal documentation, individuals will progress from pay point to pay point on an annual basis.

For pay bands 1 to 7, 8A and 8B this will apply to all the pay points in each pay band.

For pay bands 8C, 8D and 9 this will apply for the first 4 pay points in the band only.

- **Pay Bands 8C, 8D and 9 Only**

Pay progression beyond the first four pay points in pay bands 8c, 8d and 9 will be dependent upon the achievement of locally determined levels of performance. Pay progression to the last two incremental points will have to be earned annually, and only retained where the agreed level of performance is attained.

Those already on one of the top or penultimate incremental points at 31 March 2013 have full protection.

Progress on the annually earned increments is subject to the same criteria as progress up other increments, i.e. individual performance – not dependent on team or organisation's performance.

Where someone has achieved the top increment, then gets a 'not satisfactory' appraisal, they shall move

down one increment, not two at once.

The last two pay points in pay bands 8c, 8d and 9 (the annually earned points) awarded after 1<sup>st</sup> April 2014 will not be subject to pay protection. Where an employee is down banded from a band 8c, 8d or 9 post and pay protection applies they shall receive the annually earned incremental point until the completion of the year they were receiving the entitlement. At the normal review date the protection no longer applies.

For example: Employee A is receiving an annually earned pay point from 1<sup>st</sup> June to 31<sup>st</sup> May. From 1<sup>st</sup> January employee A accepts a post at a lower band. The higher band post annually earned point payment continues to be paid until 31<sup>st</sup> May. From 1<sup>st</sup> June the pay protection relating to the annually earned point ceases.

- **Deferral of Incremental Pay Progression all Pay Bands**

Pay progression should not be deferred on performance grounds unless there has been a prior documented discussion between the individual and the person during their appraisal review period (Reference: HR18 Appraisal Policy), regarding failure to meet the required level of performance and the employee has been given a reasonable opportunity to demonstrate the required improvement before the decision on pay progression is taken.

This prior discussion would need to identify areas for improvement and any reasonable developmental support the individual may require to operate at the required level of performance. A written record should be kept of these discussions.

The action plan should:

- outline any training or development programmes that should be attended
- state timescales to reflect the work required
- set out review periods
- clearly identify the personal development objectives/KSF dimension (or locally agreed framework) and levels of performance to be achieved

If there is a failure to meet the required level of performance, after the employee has been given support and a reasonable opportunity to demonstrate improvement then they will not be entitled to progress up the pay band for that given year.

In cases where there is deferral of pay progression it is advised that the manager discuss the case with their line manager and a member of Human Resources.

The decision to defer pay progression should be communicated to the employee both verbally and in writing by the line manager and documented on the On-going Review & Objectives paperwork with both the appraiser and the employee signing in line with CCGs policy. The line manager will need to provide information to support their decision.

The employee's incremental date will remain unchanged. Future appraisal and pay progression reviews will revert to the normal process/policy.

- **Exemptions**

Where an employee is on maternity/paternity/adoption leave, the employee will still receive their incremental pay progression on the due date unless any concerns have previously been raised about their performance or that they were not demonstrating the required knowledge and skills. Managers should obtain expert advice from HR on the potential risks associated with withholding increments in these circumstances and any decision should be subject to regular review.

Where an employee has been temporarily redeployed into a different role due to an industrial injury, it is expected that the employee will still receive their incremental pay progression as it would not be possible to appraise them against their substantive post, job description or KSF outline (or locally agreed framework).

Where training and development needs have been agreed at previous appraisals and have not been actioned by the CCG, the line manager must not use these issues as a means to defer pay progression.

Where annual appraisals or performance reviews have not been undertaken prior to the incremental date the employee will automatically advance through the incremental pay progression.

- **Staff on Secondment**

Employees who are on short term (less than six months) secondment or acting into another post (i.e. is a temporary role not their substantive role) should continue to be assessed against a KSF outline (or locally agreed framework) and/or objectives of their substantive role.

Employees who are on long term (more than six months) secondment or acting into another post (i.e. a role not their substantive role) should be assessed against the KSF outline (or locally agreed framework) and /or objectives for the seconded/acting up role.

Appraisal and incremental progression discussions should take place to ensure performance continues to be of a satisfactory standard and that the employee is continuing to meet any performance objectives and develop as appropriate.

- **APPEAL PROCESS**

It is important that an appeals process is developed which takes into account the local circumstances of the respective CCG. Appeals should be handled through an agreed process, be fair and transparent, and make it clear who will deal with the appeal and the timescales involved.

Appeals should happen as near to the deferral of the increment as possible allowing for time to prepare a case against any decision. The appeal should be heard by someone more senior than the line manager deferring the increment, where possible avoiding a “Grandparent” decision by the line manager’s manager. Local appeals procedures will benefit from independence to ensure consistent decisions are reached regarding pay progression.

The Grievance Policy will apply to staff wishing to raise a complaint about the application of this framework or local procedures.

- **EQUALITY STATEMENT**

In applying this policy, the Organisation will have due regard for the need to eliminate unlawful discrimination, promote equality of opportunity, and provide for good relations between people of diverse groups, in particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, and sexual orientation, in addition to offending background, trade union membership, or any other personal characteristic.

An Equality Analysis has been carried out on this policy (Appendix 1)

- **MONITORING AND REVIEW**

Local CCG Partnership Forums should monitor compliance with this policy and procedure and any instances where the policy or correct procedure has not been followed will be raised with the relevant Manager.

The National CCG Partnership Forum will review the implementation of this policy and procedure along with the Equality Impact Assessments.

The policy and procedure will be reviewed periodically by Human Resources in conjunction with operational managers and Trade Union representatives. Where review is necessary due to legislative change, this will happen immediately.

The application of this policy, including data relating to appraisal outcomes, should be monitored and reviewed annually to ensure there is no disproportionate adverse impact on particular groups of staff as defined in the public sector equality duty and set out above.

- **ASSOCIATED DOCUMENTATION**

The following documentation is linked to this policy:

- NHS Terms and Conditions of Service Handbook
- HR18 Appraisal Policy
- HR11 Grievance Policy

## Appendix 1 - Equality Analysis Initial Assessment

**Title of the change proposal or policy:**

Incremental Pay Progression Framework

**Brief description of the proposal:**

This framework has been developed by the national Clinical Commissioning Group Partnership Forum (CCG PF). This framework focuses on enhancing the effective management of annual pay progression through robust annual appraisals to ensure the personal development of the employee and the efficiency of the organisation. Incremental pay progression for all pay points, within each pay band, will be conditional upon individuals demonstrating that they have the requisite knowledge and skills/competencies for their role.

**Name(s) and role(s) of staff completing this assessment:**

Jenna McGuinness, HR Manager

**Date of assessment:** 22 July 2016

**Please answer the following questions in relation to the proposed change:**

**Will it affect employees, customers, and/or the public? Please state which.**

This policy and procedure applies to all staff in CCGs employed on NHS Terms and Conditions of Service and will be applied fairly and consistently in accordance with the CCG's commitment to equality and diversity.

**Is it a major change affecting how a service or policy is delivered or accessed?**

NO

**Will it have an effect on how other organisations operate in terms of equality?**

NO

**If you conclude that there will not be a detrimental impact on any equality group, caused by the proposed change, please state how you have reached that conclusion:**

No anticipated detrimental impact on any equality group. The policy adheres to the NHS Terms and Conditions of Service Handbook. This Policy will be applied to all staff employed on NHS Terms and Conditions of Service by the organisation and there is no evidence that the policy will impact, disadvantage or discriminate against any particular protected characteristic group.