



MiP guidance on pay progression in England

The Agenda for Change agreement has been amended so that incremental pay progression in England can be subject to locally determined performance appraisal schemes. The new agreement is effective from 1 April 2013, but an agreed process has to be in place before these changes can be implemented. This guidance explains the agreement and highlights good practice in performance appraisal. It has been written primarily for members. MiP link members and negotiators can also refer to more detailed bargaining guidance produced by Unison.

Background

The NHS Staff Council agreed a number of amendments to the national agreement on Agenda for Change effective from 1 April 2013. Some of these changes only apply in England, so parts of the [NHS terms and conditions handbook](#) apply to England only and parts apply to Scotland, Wales and Northern Ireland only – the relevant pages are listed in the introduction to the revised handbook. Where sections apply to England only, they have the suffix (a).

MiP response to the proposals

These changes were made after protracted discussions between employers and the health unions. The unions believe these amendments are the best deal possible and the best way to maintain support from employers for nationally agreed terms and conditions. They also require a partnership approach to the new arrangements at local level to ensure they are implemented fairly and equitably.

MiP has never sought a seat on the Staff Council, so we feed into the negotiations to promote our members' interests via the chair of the staff side and our colleagues in Unison. The changes will have a particular impact on managers, and, with Unison's help, we had some success in mitigating the effect on our members, including achieving some protections.

Following consultation with our members, MiP wrote to the Staff Council to raise a number of concerns about the impact of the agreement on managers, and MiP now belongs to a working group which will produce further guidance on the implementation of the new procedures.

MiP members and performance appraisal

If you have concerns about the appraisal scheme in place in your organisation, or you feel you are being unfairly treated, contact your MiP national officer for advice and representation. See the [MiP website](#) for contact details.

Pay Progression in England

In England, incremental progress for all pay points will be subject to performance appraisal. Individuals must demonstrate that they have the required competencies for their role and have achieved the required level of performance and delivery during the review period. The amended agreement makes it clear that a partnership approach is required in implementing the new procedures and MiP will be working with the other health unions to ensure that procedures are fair and transparent. The detail is set out in Section 1(a) of the handbook.

For staff in bands 8C, 8D, and 9, 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 (Section 1(a)).

The principles that govern this pay progression are set out in Annex W in the revised Handbook. They include the requirement that the local performance and pay progression policies should be developed in partnership.

Annex A2 (a) of the Handbook provides further explanation of how the agreement should be implemented.

Date of implementation

At present, there is no requirement for employers to implement a pay progression scheme. If they do, however, they will need to ensure it is linked to a fair and consistent appraisal scheme. Annex 2 (a) of the handbook makes it clear that incremental progression will not be subject to performance appraisal unless and until a locally agreed performance appraisal system is in place. This system must be consistent with the principles contained in Annex W of the Handbook.

There is no need for employers to rush into implementation and it is doubtful whether any organisation could get this up and running for 2013. MiP believes and recommends that it is more realistic for employers to agree objectives and schemes in 2013 to inform decisions about pay progression in 2014 and beyond.

Staff will retain their current incremental date. For newly appointed or promoted staff the incremental date will be the date they take up the new post.

Annually earned increments for staff on bands 8C, 8D and 9

Progression for staff in the top two increments of these bands will have to be annually earned and only retained where the agreed level of performance is attained. (See next section for protection for staff already on these points.)

Annex W states that progression into the annually earned pay points should be available to all staff in these bands, subject to the same criteria as for other increments, i.e. based on individual, not organisational performance. Where a member of staff has progressed to the top increment, but then fails a performance appraisal they must only drop one increment, not two.

An FAQ in Annex A2(a) clearly states that quotas will not apply to incremental progression, and says 'the expectation would be that staff progress through their pay band if they meet their performance standards set out by their employer'. This applies to the annually earned points in 8C, 8D and 9 as well.

MiP will discuss these provisions further within the Staff Council working party. We will then issue guidance on how individuals in these grades can progress from the penultimate to the top increment.

Loss of an increment under these appraisal provisions may occur along side normal capability or disciplinary procedures.

Pay protection for those on bands 8C, 8D and 9

Staff in bands 8C, 8D and 9 who are already on one of the top two increments on 31 March 2013 will have full protection on that incremental point. This protection was agreed following representations from MiP and is set out in Annex A2(a) of the Handbook, where it states: 'Staff already (as at 31 March 2013) on pay points 45 and 46, 49 and 50, 53 and 54 will be protected.'

Flexibility on senior posts

The amended agreement allows organisations to take those on bands 8C-9 out of Agenda for Change pay determination altogether. However, if they were to do so, they would have to ensure they had a transparent and fair system for determining pay levels for this group of staff that was free from bias and complied with equal value legislation. It is doubtful that any savings would result from this and there does not seem to be a mood among employers to take this drastic step. Please let us know as soon as possible about any proposal from your employer to exercise this flexibility.

New NHS bodies

Where new NHS bodies are part of the same employer (such as LETBs and HEE or, for the period of hosting by the BSA, commissioning support units), it is important that Annex W is applied consistently across them.

Appraisals as part of the organisation's workforce development planning

A high performing organisation should have a robust performance appraisal scheme as part of its organisational development. This will help to embed staff engagement in the organisation. It helps managers to assess their staff development needs and contributes to improved patient care.

The [NHS Constitution](#) pledges that all staff are entitled to have clear roles and responsibilities and access to personal development. A good appraisal scheme is the best way of reviewing roles and responsibilities and identifying and agreeing any personal development requirements.

MiP the specialist trade union for healthcare managers: www.miphealth.org.uk

In the [NHS staff survey](#), a steadily increasing number of respondents report that they have an annual appraisal (83% in 2012, compared to 80% in 2011 and 77% in 2010). In the 2012 survey 53 per cent of those who had had an appraisal said it helped them improve how they do their job, and three quarters felt the appraisal helped them to agree clear objectives for their work. 60% (up from 57% in 2011) said it left them feeling that their work is valued by their organisation. This still leaves room for improvement and now that appraisals are linked to pay progression, it needs to be a positive experience for all staff.

You can check the survey results for your own organisation on the [national staff survey website](#).

Setting organisational objectives

Organisational objectives should be developed in partnership with staff and their unions. They should be clearly linked to the organisation's vision and values and demonstrate how they will promote patient centred care, directly or indirectly. MiP believes that they should promote team working and staff engagement, both of which have a demonstrable positive effect on efficiency and health outcomes.

Training

All staff should receive training about the appraisal process, and managers should receive training to ensure that they can carry out effective performance appraisals which are fair, useful and without bias.

Staff should also be able to clearly see how their personal objectives link to the organisation's objectives.

Agreeing competencies

The competencies required for a role should be set out in the job profile for the post and should be agreed between the post holder and their line manager.

The Knowledge and Skills Framework (KSF) was developed in partnership and sets out detailed descriptions of competencies required for the range of NHS jobs. Some trusts have abandoned the use of KSF, but it still provides useful descriptions of core competencies required and the different skill levels within those competencies, with guidance on how to determine which level you should be on. It has also been equality-proofed. These and other useful guidance are set out in the Staff Council guide: [Appraisals and KSF made simple](#)

Setting personal objectives

As a rule, you should not have more than five or six personal objectives. These should be clearly linked to the organisation's objectives and should be Specific, Measurable, Achievable (or Ambitious), Realistic and Timely (SMART). They should be set in consultation with the individual concerned. The [Appraisals and KSF made simple](#) guide gives some advice on personal objective setting.

Objectives should cover 'soft skills' such as verbal communication as well as measurable outputs like completion of a project. These are more difficult to

measure and you need to agree what good looks like for these objectives and how it can be assessed. Many organisations are attaching greater importance to how something is done as well as what is done.

Personal versus organisational performance

Personal objectives should be linked to the organisation's business plan, but appraisal should concern the individual's performance, not, say, the organisation's finances.

Annex A2(a) makes it clear that, while team performance may be one aspect of the annual review process, the assessment of performance for the purpose of incremental progression will be on an individual basis.

Performance appraisal and personal development

If the performance appraisal takes place at the same time as a personal development review, the process needs to make it clear where current performance is being assessed and where personal development needs are being identified. You can be successful in your current role, but still expect further development to enhance your performance in the future.

No surprises

Once personal objectives have been set, the manager responsible for appraisals should have regular review meetings with their staff. Where there are concerns about levels of performance, these should be discussed and any training needs addressed in order to help the member of staff achieve the required level of performance.

Agreed notes should be kept of these meetings. This will help to ensure that the annual appraisal will take account of performance throughout the year, not just in the weeks leading up to the review.

There should be no surprises when the annual appraisal takes place. Both the manager and the member of staff should know what to expect and what the outcome will be.

Capability

The updated Agenda for Change agreement allows an employer to defer incremental progression, but it is built on the principle of expected progression.

Staff should be able to comply with the required levels of performance and should be able to meet the agreed targets. The local appraisal scheme should ensure that performance will not be measured against factors which are outside the individual's control.

Employers can only withhold incremental pay progression where they have put in place reasonable arrangements to ensure that staff have access to development reviews, personal development plans and appropriate support for training and development to meet the knowledge and skills competencies required of them.

Appeals

There will inevitably be times when the employee disagrees with the outcome of their appraisal. Schemes should include an appeals process, agreed in partnership with the unions, to deal with these circumstances.

Equality impact assessment

The appraisal scheme should be subject to an equality impact assessment to ensure that it complies with the public sector equality duty and does not contain any unfair bias.

Outcomes of individual appraisals should also be recorded and monitored for equality purposes to ensure the scheme is being used fairly.

Performance vs behaviour

It is important to distinguish clearly between performance appraisals (and development reviews) and disciplinary, sickness and capability policies and procedures. Incremental pay progression can only be withheld over issues of knowledge, skills and performance. Matters of conduct and discipline at work should be addressed separately and in themselves do not represent an issue of competency over which pay progress could be withheld.

Monitoring and review

Employers and unions should jointly monitor and regularly review the local appraisal scheme.

MiP speaking up for healthcare managers

MiP provides confidential expert employment advice and representation for healthcare managers. We are working to ensure that managers are treated fairly in national employment agreements and in local employment relations. We will ensure that MiP members get a fair deal at work, including in performance appraisals.

If you are not yet a member, click through to the [MiP website](#) for more information and to [join online](#).

Resources

MiP website – www.miphealth.org.uk

Appraisals and KSF made simple – A practical guide -
<http://www.nhsemployers.org/Aboutus/Publications/Pages/AppraisalsAndKSFMadeSimple-ApracticalGuide.aspx>

NHS Constitution - <https://www.gov.uk/government/publications/the-nhs-constitution-for-england>

NHS national staff survey -
<http://nhsstaffsurveys.com/cms/index.php?page=2011-results-2>

NHS terms and conditions handbook –
<http://www.nhsemployers.org/PAYANDCONTRACTS/AGENDAFORCHANGE/Pages/Afc-Homepage.aspx>

Key sections are Section 1(a); Section 6(a); Annex W and Annex A2(a)

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