

PDR and Pay Progression Policy and Procedure

Effective from **15 February 2021**

Approved by the Executive Team on **15 February 2021**

Applies to all employees of NHS Cheshire CCG

This document will be read in conjunction with:

- Equal Opportunities Policy
- NHS Terms and Conditions of Service Handbook – Section 1 and Annex 23

Policy Revisions and Amendments – January 2020

Section	Reason for Change	Approved By
Throughout	Incremental pay replaced with pay step in line with Agenda for Change	
3	Deletion of previous Agenda for Change pay progression process and replaced with new process.	
4.3	Inclusion of Line Manager responsibility to ensure a timely process	
4.4	Removal of duplication of employee responsibility	
5	Updated section to bring in line with new Agenda for Change pay progression process and removal of previous sections 7, 8 and 9.	
6	Inclusion of re-earnable process for bands 8c, 8d and 9	
7	Inclusion of decisions to delay a pay step section	
8.2	Inclusion of SMART objectives	
11	Inclusion of Absent from Work when pay step review is due section and removal of previous exemptions section 10.	
12	Updated Right of Appeal Section and application via CCG Grievance Policy.	
Appendix 1	Inclusion of Pay Step Submission Form	
Appendix 2	Inclusion of Pay Step Submission Form (Re-earnable process band 8c-9)	
Appendix 3	Inclusion of Pay Step Submission Flow Chart	
Appendix 4	Inclusion of CCG Appraisal paperwork	
Appendix 5	Inclusion of Template letter to Defer Pay Step	

Policy Obsolete

Date	Reason	Approved By

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1. Introduction

- 1.1 The Clinical Commissioning Group, hereafter referred to as the CCG, provides a range of services that are guided by statutory duty and legislative requirements. These services are delivered within a framework of policy, procedure and practice to ensure compliance with these requirements.
- 1.2 The CCG recognises that these services could not be delivered without the successful recruitment, retention and development of people with the necessary skills, knowledge, experience and qualifications. As an employer, the CCG is committed to ensuring that a fair, consistent, systematic and objective approach to the development, appraisal and application of pay step progression (in line with National Terms and Conditions of Service) of its staff.

2. Purpose

- 2.1 The CCG recognises that highly skilled, experience and motivated staff are essential to enable us to deliver its services and essential to its growth and success. The CCG is committed to ensuring the development, appraisal and application of pay step progression for individuals is undertaken as efficiently and effectively as possible, and in line with all legal, statutory, terms and conditions of service and good practice guidance requirements.
- 2.2 In line with Section 1.8 of NHS Agenda for Change Terms and Conditions, 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 review period, as determined locally in line with Annex 23 of the NHS Agenda for Change Terms and Conditions.
- 2.3 Provided the appropriate level of performance and delivery has been achieved during the review period, individuals will progress to their next pay point on their pay step date. This is dependent on individuals meeting all the required standards for progression as detailed in Annex 23 of the NHS Agenda for Change Terms and Conditions.
- 2.4 In line with the National Terms and Conditions of Service there will be no quotas for the numbers of staff who progress through their pay steps; this should be decided on an individual case by case basis and not subject to any real or perceived targets for an organisation.
- 2.5 This policy aims to set out a framework and procedure to support the implementation of pay progression within the CCG which is aligned to the Personal Development Review (PDR) / appraisal procedure.

3. Scope

- 3.1 This policy applies to all staff employed by the CCG who are covered by the Agenda for Change Terms and Conditions of employment Bands 1 - 9. This is to ensure that there is a fair and consistent approach adopted throughout the organisation.

- 3.2 Before this policy is applied line managers must ensure that the employee is engaged in an effective and fully supported appraisal process. This will assist individuals to achieve performance outcomes required for their post.
- 3.3 This policy does not apply to independent contractors (consultancy, agency staff or any other individuals within the organisation who is employed on any other pay framework (e.g. Medical and Dental, Senior Manager, etc.)

4. Responsibilities

4.1 Responsibilities of the CCG Executive Team

The responsibility for the monitoring and provision of this policy initially rests with the Executive Team of the CCG.

The CCG will ensure that all its managers undertaking appraisals, performance and / or development reviews are appropriately trained to do so.

4.2 Managers

Managers are responsible for ensuring the application of this policy and procedure is carried out in a fair and equitable manner.

Line managers must ensure that the pay step submission process is completed in a timely fashion to ensure that pay step points can be implemented in time for the staff members pay step date. This must take into account of local payroll timescales.

In addition managers must ensure they consistently apply the policy and procedure when undertaking any appraisals or reviews relating to pay progression.

Managers must make fair and informed decisions in line with the policy and procedure. Managers must seek advice from Human Resources for all cases where consideration is being given to the deferment of incremental pay progression.

4.3 Staff

Employees must also engage 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.

4.4 Human Resources

Provide advice, support and training to managers in the application of the policy.

5. PDR and Pay Progression

- 5.1. As part of the 2018 Agenda for Change Contract refresh, the new pay progression system will be underpinned by this Appraisal Policy. Pay progression for all pay points 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.
- 5.2. The new system came 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.

- 5.3 It is expected that employees who meet the required standards at their pay-step date will progress to their next pay-step point. The basic pay of individual staff during the transition period can be calculated by using the NHS Employers Pay Journey Tool.
- 5.4 In the period in which a pay step point does not lead to an increase in pay, ongoing regular appraisal discussions and appraisal should still place.
- 5.5 Pay-step points that lead to an increase in pay will not be automatic on the payroll system (ESR). employees will receive a notification from ESR four months and one month prior to the Pay Step Date.
- 5.6 Line Manager will receive an ESR notification that will detail the pay step dates of their direct reports which are due within the next 90 days.

Step 1 - Upon receiving the ESR notification, a Manager must meet with the individual for a Pay Step Submission Review (Appendix 1). This meeting will determine whether the employee can progress through the next Pay Step and should draw on the most recent appraisal.

Employees will progress to the next pay step point on their pay step date where the following can be demonstrated:

1. The appraisal has been completed within the last 12 months and outcomes are in line with the Organisational standards
 2. There is no formal capability process in place
 3. There is no live disciplinary sanction on record
 4. Statutory and Mandatory Training is 100% complete
 5. For Line Managers only – appraisals have been completed for all staff they manage.
- 5.7 Where factors beyond the employee's control, such as organisational or operational issues, have prevented compliance with any of the above requirements, these should not prevent the employee from progression. Managers should ensure that they take full account of such factors and employees bring to the attention of their line manager as soon as possible so that these can be addressed and remediated.
 - 5.8 **Step 2** - At least 1 month before the Pay Step Date and once Step 1 been completed, the manager should enter, under Pay Progression Meeting Review on ESR, the outcome of the meeting. If the individual can progress to the next pay step, this will be actioned on ESR.
 - 5.9 **Step 3** – If the Standards have not been met, this should be entered onto ESR. The Line Manager should discuss and agree a plan with the employee for any remedial action needed, including timescales. On successful completion, the manager will apply the Pay Step following the deferral, by adding a new Pay Progression Meeting Review and select 'Yes, following deferral'
 - 5.10 If a Line Manager is considering not approving the Pay Step, they must speak with HR before the discussion with the employee or this is actioned on ESR. It is expected the large majority of employees will be approved for their Pay Step and only

where formal action has already been taken in relation to capability / performance, may this defer a Pay Step.

- 5.11 The pay structure, detailing when Pay Steps are due for each Band, and Further detail on Pay Progression and Pay Step is available on NHS Employers Website.

6. Re-earnable process for bands 8c, 8d and 9

NHS EMPLOYERS HAVE NOT MADE A DECISION ON WHAT CONSTITUTES A 5% OR 10% DEDUCTION. UNTIL THIS TIME, THE RE-EARNABLE SALARY REVIEW PROCESS WILL BE ON HOLD.

- 6.1 The principles and standards for pay progression and then re-earnable pay for staff in bands 8c, 8d and 9 are the same as the principles and standards for all other staff.
- 6.2 Pay progression for the penultimate and final pay points in pay bands 8c, 8d and 9 will be dependent upon the achievement of locally determined levels of performance. Staff will progress through the last two pay points in these pay bands only when they are assessed as having met the required level of performance.
- 6.3 Pay progression for this level of performance will be non-recurring and reviewed on an annual basis . When an individual who holds an annually earned pay point has not met the required level of performance and delivery for a given year, they will have one annually earned pay point withdrawn. The last two pay points in pay bands 8C, 8D and 9 (the annually earned points) will not be subject to pay protection .
- 6.4 Annex 23 of the NHS Agenda for Change Terms and Conditions sets out the principles which will underpin these systems and provides guidance on their operation.
- 6.5 Once they have reached the top of their band, the expectation is that all staff will meet the required standards and will re-earn the relevant element of pay annually. The first point at which the re-earnable element becomes relevant is 12 months after employees have passed through their pay step point to reach the top of the band.
- 6.6 In the year after an employee has reached the top of bands 8c, 8 or 9, 5 per cent or 10 per cent of basic salary will become re-earnable and Appendix 2 should be completed
- 6.7 Where the standards in paragraph 5.6 are met, salary is retained at the top of the band.
- 6.8 Where standards in paragraph 5.6 are not met, salary may be reduced by 5 per cent or 10 per cent from the pay step date. The employee will be able to restore their salary to the top of the band at the end of the following year by meeting the required standards. The employee has the right to appeal a decision to reduce their pay by referring to the CCG Grievance and Disputes Policy.

7. Decisions to delay a pay Step

- 7.1 It is expected that staff will achieve the required standards at the point of their pay step. It is also expected that staff and their line manager should have regular discussions about any problems in reaching the required standards before the pay step date. This will allow time for issues to be raised and possible solutions found to enable the pay step point to be opened on time.

- 7.2 In cases where the standards have not been met and there are no mitigating factors sufficient to justify this, it is expected that an individual's pay step will be delayed subject to the arrangements outlined below.
- 7.3 The line manager must use the pay step review meeting process to discuss the standards that have not been met and previous discussions about, these and record their decision.
- 7.4 The line manager should advise the employee of the right to appeal any decision using the CCG Grievance and Disputes Policy.
- 7.5 The Line manager should also discuss and agree a plan with the employee for any remedial action needed to ensure that the required standards for pay progression are met, including a timescale and how any training and support needs will be met.
- 7.6 A further pay step review meeting should be arranged at an agreed date to review progress and where satisfactory, initiate the opening of the pay step. The effective date for progressing to the next pay step should be the earliest date that the relevant requirements are shown to have been met. The pay step date for future years will remain unchanged.
- 7.7 Where a pay step is delayed due to a live disciplinary sanction or a formal capability / performance process, the line manager should initiate a pay step review meeting before the expiry of the sanction or capability plan. This should be used to confirm all other requirements have been met and to ensure that the staff member progresses to the next pay step, effective the date after the sanction expires. The pay step date will remain unchanged.
- 7.8 A disciplinary sanction cannot be applied retrospectively to delay a pay step it comes into effect after the pay step date.

8. Objective Setting

- 8.1 As part of the review process it is important to set and regularly review objectives for individual members of staff.
- 8.2 Developing SMART objectives is critical to managing performance and ensuring a robust framework for assessment is in place when considering incremental pay progression.
- 8.3 Individual objectives should be clearly linked to the CCG's corporate objectives, aims, values and vision.

9. SMART Objectives

All objectives should be SMART as follows:

Specific:

Objectives should be specific, which means they should be simplistically written and clearly define what is going to be required. Specific is the "What", "Why" and "How" of the SMART Model.

Measurable:

Objectives should be measurable so that there is tangible evidence that the individual has accomplished (or not) the objective in the short-term or smaller measurements built into the objective.

Achievable:

Objectives should be achievable; they should stretch slightly so that individuals feel challenged but defined well enough so that they can achieve them. The appraiser must possess the appropriate knowledge, skills and abilities needed to achieve the objective. If an objective is impossible to achieve, individuals may not even try to accomplish it and this can have a significantly detrimental effect on motivation. Achievable goals motivate employees

Results-focused/realistic:

Objectives should measure outcomes realistically, not activities.

Time-bound:

Objectives should be linked to a timeframe that creates a practical sense of urgency or results in tension between the current reality and the vision of the objective. Without tension, the objective is unlikely to produce a relevant outcome.

When setting SMART objectives the manager should ask themselves the following questions:

- What will the objective accomplish? How and why will it be accomplished? **(Specific)**
- *How will they measure whether or not the objective will be reached? (ideally list at least two indicators) (Measurable)*
- Is it possible? Have others done it successfully? Does the individual have the necessary knowledge, skills, abilities and resources to accomplish the goal? Will meeting the goal challenge without defeating **(Achievable)**
- What is the reason, purpose, or benefit of accomplishing the objective? What is the result (not activities leading up to the result) of the objective? **(Results-focused/realistic)**
- What is the established completion date and does that completion date create a practical sense of urgency? **(Time-bound)**

Mandatory objectives for all individuals should include full compliance with statutory and mandatory training requirements.

10. Managing Performance / Capability

10.1 Whilst the formal management of individual performance and/or capability / performance may be a contributing factor to deferring pay progression the procedure for this sits outside of this appraisal process but may run in parallel with regular performance appraisal reviews.

10.2 Whilst performance may be discussed in a pay step review meeting in all cases the management of performance and/or capability / performance should not be left

for the annual pay step review meeting. Concerns regarding an individual's performance or capability should be raised and addressed as soon as possible.

- 10.3 Individual performance should be monitored throughout the year in the form of regular 1:1 meetings so that under performance is identified by all concerned and addressed appropriately as soon as possible.
- 10.4 In assessing an individual's performance, line managers should be mindful of factors that have been outside the control of individual staff and, where appropriate, consider additional supportive measures such as Occupational Health.
- 10.5 For further information on the process for the management of performance and / or capability please refer to the Capability / Performance Management and / or Attendance Management Policy.

11. Absent from work when pay step review is due

- 11.1 If a staff member is absent from work for reasons such as sickness or parental leave when a pay step is due, the principle of equal and fair treatment should be followed so that no detriment is suffered as a result.
- 11.2 In the case of planned long term paid absence such as maternity, adoption and shared parental leave the pay step review can be conducted early if this is reasonable and practical, allowing the pay step to be applied on their pay step date in their absence.
- 11.3 If an individual is on planned long term paid absence such as maternity, adoption and shared parental leave and a pay step review cannot be conducted prior to the pay step date, the pay step point should be automatically applied in the individual absence, subject to equal and fair treatment,
- 11.4 If there is a live disciplinary sanction in place at the point the individual commenced their leave, the pay step point should be applied in their absence if appropriate, effective the day after the sanction expires.
- 11.5 If there was an active formal capability / performance process underway, at the point they went on leave, the pay step point can be delayed. The improvement process should be resumed immediately upon their return. On satisfactory completion, the period of their absence should be set aside, and the pay step point backdated to an agreed date as if they had completed the improvement process without being absent.
- 11.6 The CCG will need to take particular care to avoid any discrimination or detriment on the grounds of maternity, sex or disability that could arise in relation to staff on maternity/adoption/parental or sick leave.
- 11.7 Suspension from work on full pay is a neutral act, in order to ensure this is the case, employers should ensure that the pay step point is applied from the pay step review date where an individual is suspended on that date, provided they were meeting the required standards at the point of suspension.

12. Right to Appeal

- 12.1 All individuals will have the right to appeal the application of this policy via the CCG Grievance and Disputes Policy and Procedure.

13. Equality and Diversity

- 13.1 The Incremental Pay Progression policy and procedure should be read in conjunction with the CCG's Equality and Diversity policy.
- 13.2 In applying this policy and procedure, the CCG 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 protected characteristics as outlined in 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.
- 13.3 The CCG values the diversity of its workforce and aims to ensure that all staff understand this commitment and adhere to the standards.

14. Monitoring

- 14.1 This policy and procedure will be reviewed periodically by Human Resources in conjunction with the CCG and Trade Union Representatives. Where a review is necessary due to changes with NHS Terms and Conditions of service or any other legislative changes this will happen immediately.
- 14.2 The implementation of this policy will be monitored by the Human Resources Team in conjunction with the CCG.

Pay Progression Review Form

Employee name:	
Employee role:	
Manager name:	
Date of pay step review:	
Date pay step due:	
Date of last appraisal:	

Summary of pay progression review meeting

Employee's summary
Manager's summary

Standards for progression	Yes	No
	(please tick)	
Has the appraisal process been completed within the last 12 months and outcomes are in line with the organisation's standards?		
Is there a formal capability process in place?		
Is there a formal disciplinary sanction live on the employees record?		
Has statutory and/or mandatory training been completed?		
For line managers only – have appraisals been completed for all their direct reports as required?		

Assessment of standards	Approved	Deferred (please tick)	No
Is the pay-step approved, deferred or declined			
Reasons for this decision			

Employee action plan and timescales

Manager and employee to agree an action plan and timescales if the employee does not meet the required standards.

Employee Signature		Date	
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Manager Signature		Date	
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Re-earnable salary review form for bands 8c-9

Employee name:

Employee role:

Manager name:

Date of re-earnable salary review:

Date re-earnable salary due:

Date of last appraisal:

Summary of re-earnable salary review meeting

Employee's summary
Manager's summary

Standards for progression	Yes	No (please tick)
Has the appraisal process been completed within the last 12 months and outcomes are in line with the organisation's standards?		
Is there a formal capability process in place?		
Is there a formal disciplinary sanction live on the employees record?		
Has statutory and/or mandatory training been completed?		
For line managers only – have appraisals been completed for all their direct reports as required?		



Assessment of standards	Approved	Deferred (please tick)	No
Is the pay-step approved, deferred or declined			
Reasons for this decision			

Employee action plan and timescales

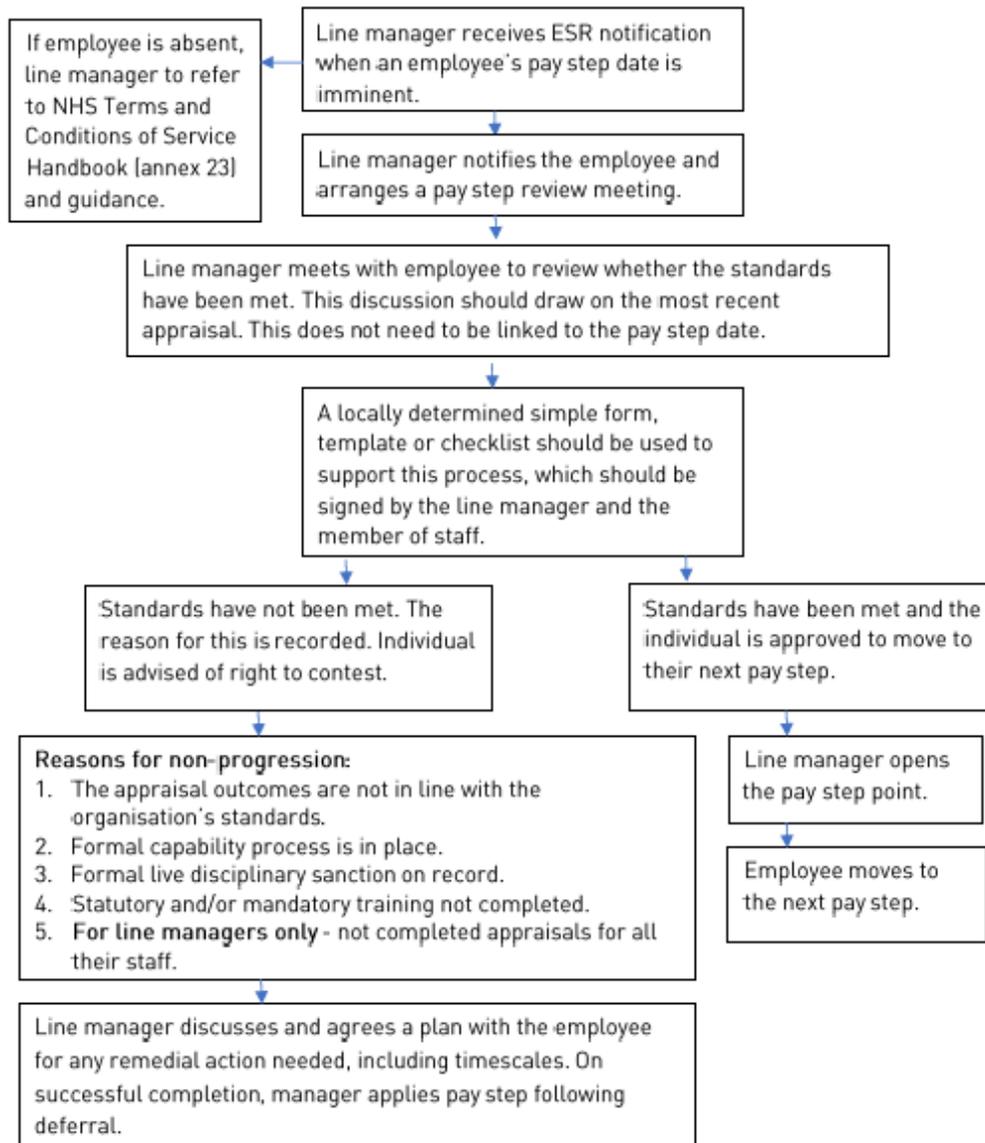
Manager and employee to agree an action plan and timescales if the employee does not meet the required standards.

Employee Signature		Date	
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Manager Signature		Date	
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Pay progression Pay step submission process

This flowchart explains the pay step submission process for the pay progression system implemented on 1 April 2019:



PDR / Appraisal Documentation

Appendix 4

INSERT CCG Paperwork

Letter to be sent on CCG letterhead

Dear

Compliance with Pay Progression Principles

As you are aware, pay progression is now subject to staff being able to demonstrate that:

- The appraisal has been completed within the last 12 months and outcomes are in line with CCG standards
- There is no formal performance / capability process in place
- There is no live disciplinary sanction on record
- Statutory and Mandatory Training is 100% complete
- For Line Managers only – appraisals have been completed for all staff

A copy of the CCGs Appraisal and Pay Progression Policy is enclosed for your information / has been provided to you (delete as appropriate).

I refer to the Pay Step Review Meeting held on (date/dates) to discuss the standards outlined above.

I advised that due to (INSERT REASON FOR DEFERRAL), your pay step point will be deferred. A further pay step review meeting will be held to review progress and where satisfactory, initiate the opening of your pay step. This will be deferred until the earliest date that the relevant requirements are shown to have been met. Your pay step date for future years will remain unchanged.

The discussed and agreed plan for the remedial action is outlined below:

Objective / Time scale:

-
-
-

As discussed, I shall ensure that you receive appropriate support and training as follows: -

-
-
-

You have the right to appeal against this decision via the CCG Grievance and Disputes Policy.

If, in the meantime, you experience any difficulties or need any help and advice, please do not hesitate to contact me.

Yours sincerely