

Stewards' Briefing on the NHS Pay Offer 2015

Purpose

February 2015

The purpose of this document is to help stewards understand the current pay offer and enable face-to-face conversations with members to help them understand how it affects them. Comparing the proposed pay offer with the existing NHS pay policy is not a straightforward task. In this document we use clear consistent terminology to separate each part.

Terminology

Existing NHS pay policy 2014/15 – refers to the 1% non-consolidated lump sum, which only the 40% of NHS staff at the top of their band got.

Existing NHS pay policy 2015/16 – refers to the 2% non-consolidated lump sum, which only the 40% of NHS staff at the top of their band will get if the offer is rejected.

Proposed Pay Offer 2015/16 – refers to the 2015/16 proposed pay offer from the Secretary of State including;

- A. 1% consolidated pay rise for all staff up to point 42 from April 2015
- B. Abolition of the bottom point of AfC and increasing pay point 2 to £15,100.
- C. A further additional £200 consolidated for staff on pay points 3-8.
- D. An increment freeze in 2015/16 for staff on pay point 34 and above for one year only
- E. Urgent talks to take place with a view to the proposed redundancy changes being implemented from 1 April 2015

Introduction

UNISON members will decide whether to accept or reject the proposed pay offer from the government.

Until now, the government has refused to negotiate with the NHS trade unions and refused to implement the recommendation from the independent NHS Pay Review Body of a 1% increase for all staff for 2014/15.

Instead, last year the government imposed a two-year pay freeze on 60% of NHS staff, with only those at the top of their pay band receiving a non-consolidated lump sum payment of 1%.

UNISON members alongside other trade union colleagues in the NHS decided they had had enough. Together you took two days of strike action - the first time in 32 years that NHS staff had taken industrial action over pay.

It was only with the threat of further strike action in January that the government was forced to come to the negotiating table and finally produced the proposed pay offer that members are asked to decide on.

The offer falls short of what NHS staff deserve, but it does address some of the key concerns that unions have about low pay in the NHS. Those on the lowest pay bands in the NHS will receive an increase of between 2.1%-5.6%.

UNISON's position

UNISON's Health Service Group Executive (HSGE) believes that this is the best offer that can be achieved through negotiation. The HSGE is clear that if members reject this proposed pay offer, UNISON will need to continue with our programme of industrial action starting with another strike on Friday 13 March. We will need your support and participation on the day if you choose to reject this deal and continue with strike action.

As members will be balloted centrally, branches need to do all they can to explain the impact of the proposed pay offer for 2015/16 and help members to make a decision. We need to ensure the maximum participation possible in the ballot to make certain the result is as proportionate as possible. This guidance aims to help branches explain the proposed pay offer for 2015 and help members understand how it applies to their own circumstances when making a decision.

We have set out examples and case studies which can be used to show groups of members what the impact will be if the proposed pay offer is accepted.

What is the ballot timetable?

All members will receive a ballot paper along with a copy of an A4 2-sided letter from Christina McAnea, and a pre-paid return envelope. This needs to be returned by **10am on Monday 2 March 2015**.

Ballot papers will include the wording of UNISON's official policy on the proposals and will ask members if they:

- wish to ACCEPT the pay proposals for 2015/16

or

- wish to REJECT the pay proposals for 2015/16 and am prepared to take industrial action including strike action starting on 13 March 2015

The Health Service Group Executive is very conscious that this is a tight timetable for consultation. However, this is the only timetable to allow us to take strike action on the agreed date of 13 March if the offer is rejected.

What is the difference between the proposed pay offer and existing NHS pay policy?

When the government rejected the Pay Review Body recommendation last year, it imposed a two-year settlement for 2014/15 and 2015/16. This was to freeze pay for all staff and instead give a one-off lump sum to those at the top of the band. This proposed offer changes what will happen to pay in 2015/16. The main difference is the change from non-consolidated (meaning it appears in your pay as a one off monthly sum and does not change your basic pay) to consolidated (meaning it changes your basic pay and applies to hourly rates, unsocial hours, overtime rates, and any other supplements based on your basic pay).

The other main difference is that the 1% consolidated amount will apply to all pay points up to 42. This is different to the existing pay policy, which would only give a lump sum to those at the top of their bands for 2015/16. Under the proposed offer there is also additional money for the lowest paid staff in Bands 1, 2 and 3 (up to pay point 8). Please note that the 1% non-consolidated, paid to staff in 2014/15, is unaffected by the proposed pay offer 2015/16.

Why is consolidation better?

Consolidation is when a pay uplift is added in to your annual salary. It is better because it increases the hourly rate, so any payments for unsocial hours or overtime also increase. Unlike a one-off payment which can be removed at any time, the increase to your salary and hourly rate is permanent, so any future payments you get will be based on this increased amount. It will also count towards your pension.

What are the details of the proposed pay offer?

A. 1% consolidated pay rise for all staff up to point 42 from April 2015

Everyone would receive a 1% consolidated pay increase up to pay point 42 (top of band 8b / 2nd point in 8c). As the award would be consolidated it would count towards allowances such as overtime, unsocial hours payments, any other supplements based on basic pay and is pensionable.

Will we be better or worse off under the proposed pay offer?

Broadly speaking, most people under pay point 42 and who are not at the top of their band, would be better off under the proposed pay offer. This is because the 1% consolidated offer applies to all bands whereas the existing NHS pay policy applies only to those at the top of their bands. For members, who are at the top of their band, earnings could be less under the proposed offer (1% instead of 2%). However, because it is consolidated their basic pay would increase and therefore so would their hourly rate. This means that if they work overtime it is worth more because overtime (time and a half) would be calculated on the increased hourly rate. If they work unsocial hours these would be worked out on the new increased basic salary. In addition, any future pay rises would apply to the new consolidated basic salary.

Here are some examples of where the proposed pay offer would be better for members

Example 1: Band 5 Nurse on pay point 21

Current salary: £25,783 would increase to £26,041 (up by £258 per year)

Hourly rate (used for overtime/unsocial hours calculations): £13.18 would increase to £13.32

Overtime rate per hour (time and a half): £19.77 would increase to £19.98.

Example 2: Band 4 Administrator on pay point 16

Current salary: £21,478 would increase to £21,693 (up by of £215)

Hourly rate: £10.98 would increase to £11.09

Example 3: Band 2 Health Care Assistant on pay point 3

Current salary: £15,013 would increase to £15,363 (up by £350 per year).

Hourly rate: £7.68 would increase to £7.86

Overtime rate: £11.52 would increase to £11.79

Example 4: Band 1 or Band 2 worker on pay point 1

Current salary: £14,294 would increase to £15,100 (up by £806 per year).

Hourly rate: £7.31 would increase to £7.72

Overtime rate: £10.97 would increase to £11.58

Here are some examples of where the proposed pay offer would be worse for members

Example 5: Band 4 Administrator on pay point 17 (top of the band)

Current salary: £22,016. Under existing NHS pay policy, in April 2015, staff at the top of their band would receive a non-consolidated 2% amount (£440 lump sum). Earnings would have increased to £22,456 but basic salary would remain at £22,016. Under the proposed pay offer, basic salary would increase to £22,236 (up by £220) but total earnings would be £220 lower (without any overtime payments taken into account)

Hourly rate: £11.26 would increase to £11.37

Example 6: Band 5 Paramedic on pay point 23 (top of pay band) working average 25% unsocial hours

Current salary: £27,901. Under existing pay policy, in April 2015, staff at the top of their band would receive a non-consolidated 2% amount (£558 lump sum). Earnings would have increased to £28,459 but basic salary would remain at £27,901.

Under the proposed pay offer basic salary would increase to £28,180 (up by £279) but total earnings would be £279 lower (without factoring in overtime or unsocial hours).

Hourly rate: £14.27 would increase to £14.41

Earnings: When an average of 25% unsocial hours payments are factored in, total earnings would fall from £35,434 to £35,225.

You can use the charts on pages 8 and 9 to help members look at their own hourly rates.

B. Abolition of the bottom point of AfC and increasing pay point 2 to £15,100.

This would mean an increase of 5.6% for staff on point 1 and 3.1% for staff on pay point 2. This is still below the Living Wage but would give an extra £15.46 per week for the lowest paid.

C. A further additional £200 consolidated for staff on pay points 3-8.

This means staff on these pay points would receive a total increase of between 2.1% and 2.3%.

As shown in the table below, NHS staff in pay points 3 to 8 would receive 1% consolidated plus a flat rate increase of £200 which means it would be added to their annual salary. The lower pay scales would change as follows:

Agenda for Change Pay Point	Existing Pay Policy		Annual Salary 2015/16 (£) under the proposed offer 2015/16	Existing Hourly Rates 2014/15 (£)	Proposed Hourly Rates 2015/16 (£)	Cash Uplift under this offer (£)
	Annual Salary 2014/15 (£) (1% non-consolidated at top of band)	Annual Salary 2015/16 (£) (2% non-consolidated at top of band)				
Pay Point 1	14,294	14,294	15,100	7.31	7.72	806
Pay Point 2	14,653	14,653	15,100	7.49	7.72	447
Pay Point 3	15,013	15,013	15,363	7.68	7.85	350

(top of band 1)	+(£150)	+(£300)				
Pay Point 4	15,432	15,432	15,786	7.89	8.07	354
Pay Point 5	15,851	15,851	16,210	8.10	8.29	359
Pay Point 6	16,271	16,271	16,634	8.32	8.51	363
Pay Point 7	16,811	16,811	17,179	8.60	8.79	368
Pay Point 8 (top of band 2)	17,425 (£174)	17,425 (£348)	17,799	8.91	9.10	374

D. An increment freeze in 2015/16 for staff on pay point 34 and above for one year only

Members on pay point 34 and above (2nd pay point and above in band 8a) would not get an increment. Everyone else would move through an increment as normal (subject to local pay progression procedures) in addition to the pay award.

UNISON does not accept that it is right to freeze incremental progression at any level and has pointed out that this will penalise clinical leaders as well as other NHS managers. It is clear that this proposal is for one year only and would not set a precedent.

E. Urgent talks to take place with a view to the proposed redundancy changes being implemented from 1 April 2015

Along with the pay offer is a commitment to review the Agenda for Change redundancy terms to introduce a floor and a ceiling payment and end the employer pension top up for early retirement on grounds of redundancy.

What does this mean in practice?

In 2011/12 there were 6896 redundancies. Of these, 64% were for managerial, administrative and clerical roles. The next largest group (11%) was for non-registered nursing staff. Based on these figures, staff from admin and clerical groups and health care assistants with earnings less than £23,000 pro rata would benefit and managers with earnings over £80,000 pro rata would lose out from the introduction of these 'floor' and 'ceiling' calculations.

The employer top-up is a facility which is sometimes used if people are made redundant when they are within 5 years of their Normal Pensionable Age. It means that if the employer agrees to early retirement on grounds of redundancy rather than just a redundancy, a member of the pension scheme can use their redundancy payment to facilitate taking their pension early with no actuarial reduction. We do not know how many people currently benefit from this facility, but reps currently cite it as a reason given by employers for declining requests for early retirement.

Accepting the pay proposals would not in itself make these changes but would commit us to talks to implement these changes to the redundancy scheme. There is a suggested timescale of 1 April 2015 for introduction of the changes but this is indicative only.

Minimum and maximum redundancy levels

This would introduce a floor of £23,000 and a ceiling of £80,000 for the calculation of redundancy.

For those staff earning less than £23,000 (FTE) the redundancy payment would be calculated using notional full time earnings of £23,000.

For those earning over £80,000 per year (FTE), the redundancy payment would be calculated using notional full-time earnings of £80,000. Maximum redundancy payment of £160,000 (pro-rata).

Effect of minimum floor for redundancy

Redundancy is calculated on the basis of one month's pay for each complete year of reckonable service, subject to a minimum of two years' (104 weeks') continuous service and a maximum of 24 years' reckonable service being counted.

"Month's pay" means whichever is the more beneficial of the following calculations:

- 4.35 times a week's pay, calculated in accordance with the provisions of Sections 221 to 229 of the Employment Rights Act 1996;
- an amount equal to 1/12th of the annual salary in payment at the date of termination of employment.

Example 1: Without the minimum redundancy floor, a Band 2 administrative assistant, point 8, (earnings of £17,425) with 10 years' service would receive (approx £1452 x 10) £14,520 redundancy. With the minimum redundancy floor their redundancy would be worked out based on earnings of £23,000 so they would receive (approx £1916 x 10) £19,166 in redundancy.

Example 2: Without the minimum redundancy floor, a Band 3 Healthcare Assistant at the top of the band (earnings of £19,268) with 24 years' service would receive (approx £1605 x 24) £38,520 in redundancy. With the minimum redundancy floor their redundancy would be worked out based on a salary of £23,000 so they would receive (approx £1916 x 24) £45,984 in redundancy.

Effect of maximum ceiling for redundancy

Example: Without the maximum redundancy ceiling a Band 9 Director of Estates at the top of the band (earnings of £98,453) with 16 years services would receive (approx £8204 x 16) £131,264. With the maximum redundancy ceiling their redundancy would be worked out based on earnings of £80,000 so they would receive (approx £6666 x 16) £106,656.

What else is included in the proposed pay offer?

Along with the proposed pay offer, the letter from the Secretary of State for Health restates the government's commitment to the NHS Pay Review Body (NHSPRB) in years to come (2016/17 onwards). It also seeks a commitment from Trade Unions to enter into talks on reforming Agenda for Change.

As an annex, it also includes additional concessions for staff employed in Ambulance Trusts in England. Ambulance branches will be sent separate advice on the offer but the points included are as follows:

- In relation to Sickness / Unsocial hours allowance payment; to curtail discussions for the move away from Annex E unsocial hours enhancements. To curtail discussions around a move towards section 2a unsocial hours under A4C. To suspend immediately any further work to test, in the High Court, the national agreement on sick pay which relates to the NHS Employers and the Ambulance Service Employers view that the original agreements included the Ambulance Service Sector. This issue would instead be remitted to the wider talks on further AfC reform.
- Ambulance Employers to introduce a scheme whereby they will match the value of additional pension contributions made by front line ambulance staff to enable them to take

their 2015 pension unreduced at 65. For instance if the cost of this was 4%, the employer would pay 2%.

- Ambulance employers to work with the Ambulance Unions to address the current recruitment and retention issues either through changes to use of job profiles and bandings or through application of recruitment and retention premia to job roles meeting agreed criteria.
- Ambulance Employers will take forward with Ambulance Unions work a specific work stream under the NHS Staff Council Working Longer Review identifying the specific challenges for front line ambulance staff of the increase in pension age and how they can be addressed.

How to work out if you would be better off with this new pay offer

In order to work out if this pay offer would benefit you; you may need to use the following advice to calculate the impact. We have outlined below some of the main things you will need to know.

Annual basic salary

The Agenda for Change pay scales set out the basic salary for the pay bands. Under the existing NHS pay policy, these pay scales would remain at 2014 levels to the end of March 2016, with only 40% of staff receiving a separate non-consolidated payment (lump sum). Under the proposed pay offer, salaries will increase with the addition of the consolidated 1%. You can use the table at the back of this document to work out members' new basic salary.

Hourly rate

For full time staff, the hourly rate can be calculated by dividing the proposed new annual salary by 52.14 and then by 37.5 (full time standard hours).

Example: £26,041 / 52.14 / 37.5 = £13.32 per hour (new proposed hourly rate)

[Note: under the existing pay policy, hourly rates would not have changed]

Unsocial hours

To calculate this amount you will need to know how unsocial hours are measured. For example, a paramedic at the top of band 5 with a fixed 25% unsocial hours will have their payment based on their new salary level.

Example 1: Paramedic on pay point 23 (top of band) under current structure:

£27,901 + 25% (*unsocial hours*) = £34,876 + [2% *non-consolidated lump sum of £558*] = £35,434

Under the proposed pay offer they would get:

£27,901 + 1% = £28,180 + 25% (*unsocial hours*) = £35,225.

Whereas for staff who do not do a fixed amount of unsocial hours, payment will be based on their new hourly rate.

Example 2: Band 6 Nurse (pay point 25) working an 8-hour shift on a weeknight under the current structure would get an hourly rate of £15.22 or £158.29 for an 8-hour shift. Under the proposed 2015 pay offer, they would get an hourly rate of £15.37 or £159.85 for an 8-hour shift.

Overtime rate

Agenda for Change overtime rate is time and a half. To work out the new overtime rate you need to calculate your hourly rate and multiply by 1.5.

Example: Under the existing NHS pay policy, a Band 2 Hospital Porter (pay point 5) with a salary of £15,851 would see this rise to £16,210 under the proposed pay offer. Their hourly rate would therefore increase from £8.11 to £8.29 meaning their overtime rate would increase from £12.16 to £12.44 per hour.

Non-consolidated amount – Under the existing NHS pay policy, those at the top of their pay band would receive a 2% non-consolidated lump sum for 2015/16. To work this out you need to know the basic salary and multiply it by 0.02 for the year (divide by 12 for monthly or 52.14 for weekly amounts). Remember, as it is non-consolidated it would be removed at the end of each year, so the basic salary would remain at 2013/14 levels.

Example: Top of band 4 would have got a non-consolidated amount based on annual salary $£22,016 \times 0.02 = £440.32$ per year or £36.69 per month (for 2015/16).

NHS PAY



Fighting for fair pay for NHS staff

AfC Band	Pay point	Basic Salary 2013/14	1% non-consolidated (2014/15)	2% non-consolidated (2015/16)	Existing hourly rate	Proposed pay offer basic salary (2015/16)	Proposed hourly rate	Increase from pay offer	Notes
1&2	1	£14,294			£7.31			Removed	
1&2	2	£14,653			£7.49	£15,100	£7.72		
1&2	3	£15,013	£150.13	£300.25	£7.68	£15,363	£7.86	1% plus £200	Only top of band 1
2	4	£15,432			£7.89	£15,786	£8.07	1% plus £200	
2	5	£15,851			£8.11	£16,209	£8.29	1% plus £200	
2&3	6	£16,271			£8.32	£16,634	£8.51	1% plus £200	
2&3	7	£16,811			£8.60	£17,180	£8.79	1% plus £200	
2&3	8	£17,425	£174.25	£348.50	£8.91	£17,799	£9.10	1% plus £200	Only top of band 2
3	9	£17,794			£9.10	£17,972	£9.19	1%	
3	10	£18,285			£9.35	£18,468	£9.45	1%	
3&4	11	£18,838			£9.63	£19,026	£9.73	1%	
3&4	12	£19,268	£192.68	£385.36	£9.85	£19,460	£9.95	1%	Only top of band 3
4	13	£19,947			£10.20	£20,146	£10.30	1%	
4	14	£20,638			£10.56	£20,844	£10.66	1%	
4	15	£21,265			£10.88	£21,477	£10.98	1%	
4&5	16	£21,478			£10.98	£21,693	£11.09	1%	
4&5	17	£22,016	£220.16	£440.32	£11.26	£22,236	£11.37	1%	Only top of band 4
5	18	£22,903			£11.71	£23,132	£11.83	1%	
5	19	£23,825			£12.19	£24,063	£12.31	1%	
5	20	£24,799			£12.68	£25,047	£12.81	1%	
5&6	21	£25,783			£13.19	£26,041	£13.32	1%	
5&6	22	£26,822			£13.72	£27,090	£13.85	1%	

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AfC Band	Pay point	Basic Salary 2013/14	1% non-consolidated (2014/15)	2%non-consolidated (20/15/16)	Effective hourly rate	Pay offer basic salary (2015/16)	New hourly rate	Increase from pay offer	Notes
5&6	23	£27,901	£279.01	£558.03	£14.27	£28,180	£14.41	1%	Only top of band 5
6	24	£28,755			£14.71	£29,042	£14.85	1%	
6	25	£29,759			£15.22	£30,056	£15.37	1%	
6&7	26	£30,764			£15.73	£31,072	£15.89	1%	
6&7	27	£31,768			£16.25	£32,086	£16.41	1%	
6&7	28	£32,898			£16.83	£33,227	£16.99	1%	
6&7	29	£34,530	£345.30	£690.60	£17.66	£34,875	£17.84	1%	Only top of band 6
7	30	£35,536			£18.17	£35,891	£18.36	1%	
7	31	£36,666			£18.75	£37,033	£18.94	1%	
7	32	£37,921			£19.39	£38,300	£19.59	1%	
7&8A	33	£39,239			£20.07	£39,631	£20.27	1%	
7&8A	34	£40,558	£405.58	£811.16	£20.74	£40,964	£20.95	1%	Only top of band 7
8A	35	£42,190			£21.58	£42,612	£21.79	1%	Increment Freeze
8A	36	£43,822			£22.41	£44,260	£22.64	1%	Increment Freeze
8A&8B	37	£45,707			£23.38	£46,164	£23.61	1%	Increment Freeze
8A&8B	38	£47,088	£470.88	£941.76	£24.08	£47,559	£24.32	1%	Increment Freeze
8B	39	£49,473			£25.30	£49,968	£25.56	1%	Increment Freeze
8B	40	£52,235			£26.72	£52,758	£26.98	1%	Increment Freeze
8B&8C	41	£54,998			£28.13	£55,548	£28.41	1%	Increment Freeze
8B&8C	42	£56,504	£565.04	£1,130.09	£28.90	£57,069	£29.19	1%	Increment Freeze
8C	43	£59,016			£30.18	£59,016	£30.18	0%	Increment and Pay freeze
8C	44	£61,779			£31.60	£61,779	£31.60	0%	Increment and Pay freeze
8C&8D	45	£65,922			£33.72	£65,922	£33.72	0%	Increment and Pay freeze
8C&8D	46	£67,805	£678.05	£1,356.11	£34.68	£67,805	£34.68	0%	Increment and Pay freeze
8D	47	£70,631			£36.12	£70,631	£36.12	0%	Increment and Pay freeze
8D	48	£74,084			£37.89	£74,084	£37.89	0%	Increment and Pay freeze
8D&9	49	£77,850			£39.82	£77,850	£39.82	0%	Increment and Pay freeze
8D&9	50	£81,618	£816.18	£1,632.36	£41.74	£81,618	£41.74	0%	Increment and Pay freeze
9	51	£85,535			£43.75	£85,535	£43.75	0%	Increment and Pay freeze
9	52	£89,640			£45.85	£89,640	£45.85	0%	Increment and Pay freeze
9	53	£93,944			£48.05	£93,944	£48.05	0%	Increment and Pay freeze
9	54	£98,453	£984.53	£1,969.06	£50.35	£98,453	£50.35	0%	Increment and Pay freeze

NHS Non-medical Staff: Full Time Equivalent (FTE) in each Agenda for Change (AfC) Band and spine point, England March 2014

AfC spine point	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8a	Band 8b	Band 8c	Band 8d	Band 9	Totals
1	3,154	20,579											23,732
2	1,916	12,468											14,384
3	21,875	8,370											30,245
4		8,315											8,315
5		9,893											9,893
6		11,159	13,287										24,446
7		7,375	8,909										16,284
8		64,536	6,496	1									71,033
9		1	8,087										8,088
10			9,376										9,376
11			9,110	8,307	1								17,417
12			62,972	5,479									68,451
13				5,541									5,541
14			1	5,136									5,137
15				5,789									5,789
16				5,945	32,060								38,005
17				42,034	12,986								55,021
18					17,931	1							17,931
19					15,674								15,674
20					16,935								16,935
21					14,843	12,533							27,376
22					13,309	11,186							24,495
23					91,970	10,343							102,313
24						15,772							15,772
25						12,800	1						12,801
26						11,505	6,305						17,810
27						10,520	5,194						15,713
28						9,260	4,772						14,033
29						67,055	4,969						72,024
30							8,495						8,495
31							7,323						7,323
32							6,529						6,529
33							6,075	3,000					9,074
34							49,972	2,237					52,209
35								3,519					3,519
36								2,921					2,921
37								3,038	986				4,024
38								18,962	769				19,730
39									1,773				1,773
40									1,432				1,432
41									1,432	580			2,012
42									8,808	489			9,298
43										945			945

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AfC spine point	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8a	Band 8b	Band 8c	Band 8d	Band 9	
44										744			744
45										782	290		1,073
46										4,541	247	1	4,789
47											493		493
48											429		429
49											406	136	542
50											2,336	100	2,436
51												192	192
52												203	203
53												192	192
54												733	733
Unknown	11	33	8	19	28	24	15	12	14	21	17	25	