**PROPOSAL FOR REFORM OF AGENDA FOR CHANGE (AfC) IN**

**NHS SCOTLAND**

Introduction

1. On 21 March, Department of Health (DoH) announced their Framework Agreement for reform of the Agenda for Change (AfC) pay, terms and conditions system for NHS England. These proposals see AfC pay bands restructured, primarily over a 3 year transition period, but with final changes made in year 4 to bring the new pay structure to its final form.
2. HM Treasury supported the announcement with substantial additional investment for the next three years, which would see associated consequentials flowing to Scotland in the Autumn budget according to the Barnett formula.
3. Following the DoH announcement, Scotland immediately issued a Joint Statement, in partnership with the Scottish Terms and Conditions Committee (STAC), committing to use all of these consequentials to reform the AfC system in NHS Scotland.
4. Terms of Reference were agreed for the negotiation and are attached at Annex A. Pay Negotiation meetings have been taking place in May and June.

Three Year Pay Deal for 2018-19 to 2020-21

1. Our mutual aim is to deliver a three year pay deal for NHS Scotland AfC staff that ensures we retain suitably qualified staff and helps to attract the skills and experience needed to ensure NHS Scotland meets future demands and expectations. In order to do this, this proposal sets out to:

* Support the attraction and recruitment of staff by increasing starting pay in every pay band.
* Support the retention of staff by increasing basic pay for those staff who are at the top of pay bands, and also speeding up progression to the top of the pay band.

1. This deal will also apply to private contractor staff covered by the Scottish Two Tier agreement.

Details

1. Under the proposal, the effective settlement date each year remains 1 April.
2. To help NHS Scotland attract and recruit new staff:

* Increased starting salaries will be achieved over the transitional period by deleting points at the bottom of pay scales, meaning that by 2020-21 the overlap between bands will be removed.

1. To help NHS Scotland retain staff:

* The value of the top pay point of Bands 1 to 8C will increase by 9% cumulatively over three years from 2018-19 to 2020-21.
* The value of the top pay points in bands 8D and 9 will increase by £1,600 per year.
* Existing pay bands will be restructured and the number of pay points will be reduced to 2 points for Bands 2, 3, 4, 8a, 8b, 8c, 8d and 9 and 3 points for Band 5, 6 and 7. Restructuring will be completed on 1 April 2021.

1. The new pay structure will enable staff in Bands 2-7 to access the top of the pay band more quickly than in the current system, as set out below.

|  |  |  |
| --- | --- | --- |
|  | **Current system** | **New system** |
| **Band 1** | Single Point\* | Single Point |
| **Band 2** | 6 years | 2 years |
| **Band 3** | 6 years | 2 years |
| **Band 4** | 6 years | 3 years |
| **Band 5** | 7 years | 4 years |
| **Band 6** | 8 years | 5 years |
| **Band 7** | 8 years | 5 years |
| **Band 8a** | 5 years | 5 years |
| **Band 8b** | 5 years | 5 years |
| **Band 8c** | 5 years | 5 years |
| **Band 8d** | 5 years | 5 years |
| **Band 9** | 5 years | 5 years |

\*Band 1 has already been closed in Scotland. However, it will be kept as a spot point for existing staff who have chosen to stay in this Band.

1. The proposed final progression structure is set out at Annex B.
2. The proposed new pay structure and values for each point in each of the years 2018/19, 2019/20 and 2020/21 can be found at Annex C. Annex D illustrates each individual pay journey from the 2017/18 starting point to 2020-21, as well as indicating the gain that this represents.

Further Reforms

1. The 3 year pay framework is made up of two interlinked components; pay increases for staff as proposed in the pay tables and reforms to the following 4 areas:

* Policy on the management of sickness absence.
* Organisational change and protection of earnings.
* Utilisation and application of TOIL.
* Appraisal and incremental progression.

1. Work on these 4 areas of reform will be remitted to STAC and all parties will work with best endeavours to reach agreed outcomes that support the aims of this framework which are to attract and retain staff in NHS Scotland and to have policies that support best value, transformational change and sustainability of service in the NHS. Outcomes will be reported to the 3 December STAC meeting so that agreed revised policies and guidance will be in place for April 2019/20.

Equality Impact Assessment

1. The partners have developed this document in full awareness of the Public Sector Equality Duties and recognise that an equality impact assessment will need to be done in support of the agreement.

Review of Proposals

1. If agreed following consultation, for the period of the agreement STAC will monitor its progress and effectiveness against the Framework and associated Terms of Reference and raise any specific area of concern with Scottish Government.