

Management briefing note confirming arrangements for average payment during annual leave and sickness absence w.e.f. 1st April 2010.

May 2010

To be read in conjunction with:-

1. AfC Terms and Conditions handbook – available via this link
http://www.nhsemployers.org/SiteCollectionDocuments/AfC_tc_of_service_handbook_fb.pdf
2. Pay Circular AfC 3-2009 – available via this link
http://www.nhsemployers.org/Aboutus/Publications/PayCirculars/Documents/pay_circular_AfC_%203_2009.pdf

1. Background

Since April last year the NHS Staff Council has been considering the proposal to change payment of AfC “additional pay” (i.e. work outside normal hours - enhancements/unsocial hours/on call etc.) during annual leave and, having agreed to move away from the payment of WTD percentage to payment of an average, the AfC Terms and Conditions handbook has been amended. This takes effect from 1st April 2010. The changes are detailed in Pay Circular AfC 3/2009 (16th November 2009). An NHSBT intranet news item was published in March; this is available using the following link

http://nhsbtweb/on-line_applications/NewsViewer/NewsView.aspx?PressID=2554

NHSBT has agreed, in partnership, to apply this average payment, on the basis of a 3 month average, to both annual leave and sickness absences. This gives consistency in these payments across both absence types and is covered by the following sections of the AfC Terms and Conditions handbook.

The AfC T&Cs handbook section 13.9 [which defines payment during annual leave] reads:-

13.9 Pay during annual leave will include regularly paid supplements including any recruitment and retention premia, payments for work outside normal hours and high cost area supplements. Pay is calculated on the basis of what the individual would have received had he/she been at work. This would be based on the previous three months at work or any other reference period that may be locally agreed.

The AfC T&Cs handbook section 14.4 [which defines payment during sickness absence] reads:-

14.4 The definition of full pay will include regularly paid supplements, including any recruitment and retention premia, payments for work outside normal hours and high cost area supplements. Sick pay is calculated on the basis of what the individual would have received had he/she been at work. This would be based on the previous three months at work or any other reference period that may be locally agreed. Local partnerships can use virtual rotas showing what hours the employee would have worked in a reference period had he or she been at work.

2. Impact on Annual Leave - reporting and payments

2.1. WTD (Working Time Directive) payments cease

AfC WTD (Working Time Directive) percentage payments were the previously agreed mechanism for payment of AfC “additional pay” due for annual leave prior to 1st April 2010, and all AfC staff will have received this payment automatically.

These WTD percentage payments, which have been 11.59% since December 2004, were increased to 12.5%, backdated to 1st April 2008. Arrears for this were paid in March 2010. WTD percentage payments ceased w.e.f. 1st April 2010 as these are now replaced by the new 3 month average payment.

WTD payments were a standard fixed level for all AfC staff and were paid across the whole year. The new average payments are paid according to annual leave as it is taken.

Consequently managers will, from now onwards, have to report annual leave taken to Employee Services. Information about how this will be done is given in paragraphs 2.2 and 2.3 below. Details of the calculation are given in paragraph 4 below.

2.2. Recording annual leave taken for payment of average

Managers will be required to report annual leave taken. This will generate payment of the new AfC average pay for staff. Failure to report annual leave in this way will result in staff not being paid the average payment they are due.

A new facility has been introduced within the **expenses** system to enable annual leave taken to be recorded electronically for transfer into ESR and processing through payroll each month. ESR will automatically calculate and pay the average of the additional payments from the previous 3 months for the periods of annual leave taken which have been recorded on the system. This payment will be made in arrears, as are the routine payments for “additional pay” worked and claimed.

The Employee Services timetable has been updated to include the processing deadlines and is available via this link

http://nhsbtweb/group_services/finance/employee_services/pay_claims/Paydays_2010_11.pdf

2.3. Recording requirement - overview

Detailed guidance is available on the Employee Services intranet – available via this link

http://nhsbtweb/document_store/ESR_GUI_100.pdf

Managers should complete recording of annual leave taken at the latest by the published deadlines for processing in the following month’s payroll.

Annual leave taken should be recorded as soon as possible once the period of annual leave is finished. This is to ensure payments for annual leave periods are calculated on the correct periods’ payments and to avoid payments being made in respect of annual leave booked, but then not taken, for whatever reason. It is good practice to record annual leave taken on an ongoing basis rather than at the end of each month. This allows time for Employee Services to assist and support managers with entry queries as well as providing contingency in case of a manager’s own unexpected absence and emergency planning situations.

Annual leave taken must be recorded for all staff, including those on local agreements. This will ensure that all members of staff will receive all average payments due and eliminate the risk of individual members of staff being overlooked for any reason.

Information required for entry will be;-

- a) Assignment number
- b) Start date of annual leave period
- c) Working hours or days leave taken
- d) Contract hours for those staff booking and taking annual leave in hours

3. Impact on sickness reporting and payments

The new average payment will also apply to all periods of **sickness** absence which start after 1st April 2010. For sickness absence periods notified to Employee Services using the existing sickness absence notification form, the calculation will be automatically made within ESR according to the absence start and end dates reported and entered onto ESR and processed through payroll. Sickness entries are generally made within 24 hours of receipt of the notification, although there is a short ‘embargo’ period at the time the payroll is processed, due to restrictions within ESR. These payments will be made ‘in arrears’ in the same way as routine enhanced payments are made.

From 1st April 2010 no claims should be made for enhancements during sickness absences as these will automatically attract payment of the average.

For periods of sickness starting **prior to 1st April 2010** only - claims for AfC “additional pay” based on what would have been worked should continue to be submitted. For staff working in Blood Donation payment will be calculated based on the roster for sickness which started before 1st April 2010.

4. Calculation of average payment (applies to both annual leave and sickness)

There are 2 elements to the calculation, the number of calendar days for which payment is due and the daily value of the 3 month average pay.

4.1. Calculation of calendar days

ESR will calculate the period for which the average payment is due from the calendar day length of the absence. This is explained for both sickness and annual leave below as they differ slightly.

4.1.1. Sickness

The calendar length of absence will be determined from the start and end dates of the sickness absence as notified to Employee Services via the sickness absence notification form. This notification process is not affected by the introduction of these changes to payments.

4.1.2. Annual leave

This is different to sickness absence as annual leave entitlements are calculated and taken in working hours or working days.

The equivalent calendar length of the annual leave period taken will be calculated when the leave taken is recorded (in **expenses**).

This will be done by **either**

- a) for those taking their leave in working days, dividing the number of working days absent by 5 (the number of working days per week) and multiplying by 7 (the number of calendar days in a week).

or

- b) for those taking their annual leave in working hours, dividing the number of working hours annual leave taken by the contracted weekly basic hours and multiplying by 7 (the number of calendar days in a week).

Examples of these calculations are shown in the following tables.

Period of leave – working days	Equivalent calendar days for calculation
1 working day	1.4 days
2 working days	2.8 days
3 working days	4.2 days
4 working days	5.6 days
5 working days	7 days
10 working days	14 days

Period of leave – working hours	Weekly contracted basic hours	Equivalent calendar days for calculation
7.5 working hours	30 hours per week	1.75 days
7.5 working hours	37.5 hours per week	1.4 days
9.375 working hours	18.75 hours per week	3.5 days
10 working hours	30 hours per week	2.33 days
18.75 working hours	18.75 hours per week	7 days
37.5 working hours	37.5 hours per week	7 days
37.5 working hours	18.75 hours per week	14 days
75 working hours	37.5 hours per week	14 days

These calculations, agreed by NHSBT in partnership, ensure a standard and consistent approach across the organisation. This removes the calculation of calendar days from managers and will also ensure that, irrespective of the pattern of annual leave taken, the average payments received will be consistent.

4.2. Calculation of daily average

This is calculated over the previous 3 months' payments, based on the start date of the absence. This calculation has been agreed centrally and implemented in ESR, so all NHS employers are using the same criteria for calculation of the average.

So, for a period of leave/absence starting on 30th April the worked hours used to calculate the 3 month average due for a period of leave/absence will be those **paid** in February, March and April.

ESR will

1. total the hours worked for each relevant pay element for the 3 averaging periods.

- Saturday Enhancement total hours paid for February, March and April = 52.5 hours
- Sunday Enhancement total for February, March and April = 6
- Unsocial Enhancement total for February, March and April = 1

2. divide each of the total hours worked total by the number of calendar days in the averaging period. In this example there are 89 calendar days [Feb = 28, Mar = 31, Apr = 30, total = 89].

This will give the **average** hours worked for each element for each calendar day.

- Saturday Enhancement = 52.50 hours divided by 89 days = 0.5899 average hours per calendar day
- Sunday Enhancement = 6 hours divided by 89 days = 0.0674 average hours per calendar day
- Unsocial Enhancement = 1 hour divided by 89 days = 0.0112 average hours per calendar day

3. multiply, for each pay element, the average hours worked by the enhanced rate due (the AfC Enhanced Multiplier) and then by the hourly pay rate. These are all based on the conditions at the start date of the leave/absence.

- Saturday Enhancement = 0.5899 average hours x 0.43 enhanced rate x £8.5678 = £2.1733
- Sunday Enhancement = 0.0674 average hours x 0.86 enhanced rate x £8.5678 = £0.4966
- Unsocial Enhancement = 0.0112 average hours x 0.43 enhanced rate x £8.5678 = 0.0412

So the total payment due per calendar day will be:-

Sat average	£2.1733
Sun average	£0.4966
Unsoc average	£0.0412
Total per day	£2.7111

4. multiply the total above by the number of calendar days of annual leave or sickness absence.

For example, £2.71 x 7 calendar days would generate a payment of £18.97

5. Summary

The recording process has been automated to minimise the impact on managers and eliminate the need for paper returns. Full details of the recording process and FAQs are available on the Employee Services intranet pages. Any remaining queries should be raised with the Employee Services helpline on 0191 202 (5) 4455.

Liz Flatt
Head of Employee Services Development - May 2010