

CONSULTATION MEETING
DISCUSSION PAPER

Proposed Change to Payments for Absence

1.0 Matter For Consideration

1.1 The implementation of a 12.5% payment to cover all enhancements due to employees when taking annual leave that will replace existing arrangements.

1.2 Clarity on the arrangements relating to the payment of an Occupational Sick Pay element that pays employees an average of all the enhancements received over the previous 13 weeks when absent from work through sickness.

2.0 Background

2.1 Fact finding as a result of a grievance raised in the North Division relating to payment of enhancements during periods of annual leave has highlighted concerns around the way in which this payment is recorded and subsequently calculated. Until recently, this has been addressed by the Trust by an interim arrangement of paying staff a 13 week average payment, but it is acknowledged that an alternative method needs to be found.

2.2 Further scoping of practice across the organisation suggests that a 'ghost rostering' method is the most common approach, whereby a Data Inputter applies the use of a "ghost shift" that would be entered in to the Electronic Staff Record (ESR), so the individual is paid against a shift pattern they have not worked in order to receive an annual leave payment inclusive of enhancements.

2.3 A recent audit review showed this method of ghost rostering to be weak in its controls of accurate payments and increased exposure to the potential for fraudulent payments.

2.4 In addition, the recent roll out of SMART Time & Attendance system gives strong indications that the use of "ghost shifts" is either not being applied at all or applied inconsistently by all departments and teams.

2.5 There seems to be no transparency or assurance that these payments are fair, resulting in concerns that individuals could be being either over – or under- paid.

2.6 As a result, there are two key areas of concern which need addressing;
(i) payments of enhancements during periods of annual leave
(ii) payments of enhancements during periods of sickness absence

3.0 Payments of enhancements during periods of annual leave

3.1 In order to address anomalies relating to the payment of enhancements during periods of annual leave, the following options are available;

- Option 1 – Continue with ghost rostering
- Option 2 – Use corrected solution on ESR
- Option 3 – Apply 12.5% to actual enhanced hours worked throughout the year

3.2 Option 1 – Ghost Rostering

3.2.1 This requires the Manager to input enhancements for employees that are absent through Annual Leave or Sickness to ensure that the employee is paid the same as if they were rostered to work. This is used for both Annual Leave and Sickness absences.

3.2.2 In addition to the issues raised above, this approach imposes an administrative burden on the services, provides no assurance in the accuracy of the payments made and exposes the inputter to a system which has weak audit controls.

3.2.3 The Trust has always used the ghost shift method as described in section 3.2.1 and acknowledge this is not being used consistently across all departments.

3.3 Option 2 – ESR solution

3.3.1 By utilising the function available on ESR, a 13 week average calculation is applied during periods of annual leave and sickness absence. However, the calculation used has been questioned and found to be incorrect when used for payment during annual leave.

3.3.2 Whilst some Trusts are using this method, there is a heavy reliance on manual intervention by Payroll to amend the calculated data in order to ensure that the 13 week average is paid correctly.

3.4 Option 3 – WTD Payment

3.4.1 McKesson have recently provided an alternative solution and recommend that as employees work enhanced hours, they should receive a payment in addition to the enhancements paid, to cover any annual leave in the future. Therefore, employees are accruing annual leave entitlement on the enhanced hours, as the hours are worked.

3.4.2 The payment will appear on an individual's monthly wage slip, as a 'Working Time Directive' (WTD) payment and would equate to 12.5% of the enhancements earned within that period.

3.4.3 When an employee takes their annual leave, no enhancements are paid at that point, as they will have already received payments previously.

3.4.4 The 12.5% is based upon the statutory holiday entitlement and national guidance on the calculation. The full breakdown of the calculation is available at http://www.direct.gov.uk/en/Employment/Employees/Timeoffandholidays/DG_10034642.

3.4.5 Option 3 is the preferred option as this ensures that Line Managers record in SMART only the hours that are worked and any absences. This removes the confusing practice of ghost shifts and payments that are incorrectly calculated.

3.4.6 An implementation date for option 3 of 1st October 2012 (affecting actual pay in November 2012), for the following reasons;

- all staff will be on one payroll by this time

- The payroll provider will have additional capacity available after the payroll merger work
- October ensures the main holiday season has passed

4.0 Payments of enhancements during periods of sickness absence

4.1 Clearly, recent activities have revealed inconsistencies in the way in which enhancements during annual leave is being paid, therefore clarification is required to ensure payments are being made accurately, fairly and consistently during sickness absence.

4.2 The nationally agreed position for dealing with payments of enhancements during periods of sickness absence (for up to 3 months – payments for enhancements ceases after this point) is to pay 13 week average and functionality is available within ESR to action this.

4.3 The functionality ensures that, as an employee works hours that attract enhancements, the hours are accumulated in an accrual. When an employee is recorded as absent due to sickness in ESR, this will trigger a payment based on the correct calculations, which will work out a 13 week average payment relating to enhancements stored in the accrual.

4.4 Whilst it is recommended that this option is avoided for calculating payment of enhancements during annual leave, the solution is more effective for payments of enhancements during the first 3 months of sickness absence.

5.0 Financial implications

5.1 It is very difficult to ascertain the impact this will have on either the organisation or individuals, as records are based on hypothetical shifts rather than what has actually been worked. It is suspected that there will individuals who may gain from the preferred option for payment and some that may feel disadvantaged.

5.2 The main focus has to be on doing what is right. The new method will stop SMART inputters making entries that aren't true, therefore tightening controls of correct payments and lessen exposure to claims of fraud.

5.3 In terms of the impact of the organisation, it is assumed that pay budgets are set in order to cater for the payment of enhancements. However, it is uncertain whether Option 3 will increase or decrease salary costs.

6.0 Other implications

6.1 There will be a requirement to re-educate all Managers, and SMART users in how we expect data to be entered in to SMART after the agreed date for adopting the new system. This will be undertaken through SMART refresher training sessions delivered by the HR IT Project Manager and ongoing monitoring, support and clear guidelines.

7.0 Conclusions

7.1 Currently it cannot be guaranteed that all managers are applying the same rules when recording annual leave and enhancements on ESR. This is irrespective of whether they are using paper based SARS or the SMART T&A system.

7.2 The proposed changes will remove the responsibility from managers for inputting enhancements for absent staff. When absent through annual leave or sickness, managers will only record the absence. This will ensure that all employees are treated fairly and consistently, minimising the risk of fraudulent pay claims or grievances.

7.3 It is virtually impossible, and would be extremely time consuming, to ascertain the impact on individuals adopting Option 3, as records do not differentiate between what has actually been worked and what has not.

7.4 The main focus needs to be on agreeing one trust-wide, fair, consistent and transparent approach to ensuring individuals are paid for the work they are undertaking.

8.0 Recommendations

8.1 Implement Option 3 in relation to payment of enhancements during annual leave with effect from November 2012 Payroll (ensuring payment on enhanced hours worked in October 2012).

8.2 Acknowledge the national position for payment of enhanced hours during sickness absence and be assured that a consistent approach is adopted Trust wide with effect from 1st October 2012.

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