

Review of Employee Deal Pay 2017 (Year Two)

1. Overview

1.1 The consolidated pay offer implemented through the Employee Deal covers a contractual period of four years which includes the settlement dates of 1 July 2016, 1 July 2017, 1 July 2018 and 1 July 2019. The detail of the Employee Deal pay offer is outlined in 'Employee Deal DWP Pay Offer 2016 (AA-HEO)'.

Year one of the Employee Deal was implemented in July 2016.

1.2 This statement outlines the approach for 2017, Employee Deal Year Two, and should be read in conjunction with the 'Employee Deal DWP Pay Offer 2016 (AA-HEO)'.

1.3 Following a review as part of this year's negotiations:

1.3.1 Consolidated increases for AA-HEO (and equivalents) on DWP Terms and Conditions will continue to rise in line with 'Employee Deal DWP Pay Offer 2016'. The only exception being HEO (SLPZ) – see section two of this statement.

1.3.2 The consolidated pay uplift for those who chose to opt out of the Employee Deal will remain at 0.25%. This has been discussed as part of the 2017 pay negotiations, but will not be uplifted given the continued pay restraint within the Civil Service. Individuals who meet the eligibility criteria will continue to receive non-consolidated awards which are outside of the Employee Deal and are negotiated annually.

1.3.3 The impact of removing Excess Working Hours Allowance (EWHA) has been reviewed and no significant change has been identified. Therefore it remains that EWHA will cease in July 2019. A further review will be conducted as part of the 2018 pay negotiations with a final review taking place prior to the cessation in July 2019 to assess any change to the expected impact.

1.3.4 Whilst it is recognised that inflation rates are increasing, in light of the continued pay restraint and the approval for limited pay flexibility, consolidated increases outlined in the 'Employee Deal Pay Offer 2016 (AA-HEO)' will not be revised.

1.3.5 Individuals with retained Terms and Conditions will continue to have the opportunity to move over to DWP terms and conditions. If they choose to remain on retained Terms and Conditions separate pay arrangements will apply as outlined in section 19.7 of the 'Employee Deal Pay Offer 2016 (AA-HEO)'.

1.4 A revised [pay calculator](#) for AA-HEO (and equivalent) is available to give you an indication of the pay award you may be entitled to.

1.4.1 Individuals in HEO (SLPZ) should not use the 2017 pay calculator. Uplifts for this group are outlined below.

1.5 There is a separate pay award for non-consolidated pay and allowances for AA-HEO (and equivalent), which is outlined below. These elements are negotiated on an annual basis and cover one year only from the settlement date of 1 July 2017.

1.6 There is a [separate pay offer](#) for those who are substantive in grades SEO-Grade 6 (and equivalent).

2. Changes to the Employee Deal Pay Offer (Year Two) – HEO Specified Location Pay Zones

2.1 As part of the annual pay negotiations the salary uplift for the HEO Specified Location Pay Zone (SLPZ) pay scale has been reviewed. The review focused on those individuals in the HEO (SLPZ) pay scale who do not reach the spot rate (HEO National grade maximum) by 2019/20 and whose salary uplift would be significantly lower than HEO (National) colleagues who had the same 2015 salary. The review identified three core groups within the HEO (SLPZ) grade:

2.1.1 Group one – Individuals whose salary in 2015 was below the HEO (National) grade maximum (£31,030).

2.1.2 Group two – Individuals whose salary in 2015 was above the HEO (National) grade maximum (£31,030) and would be below the HEO (National) grade maximum in 2019.

2.1.3 Group three – Individuals whose salary in 2015 was above the HEO (National) grade maximum (£31,030) and will remain above the HEO (National) grade maximum by 2019.

2.2 Uplifts to Group one:

- A one-off consolidated increase to their salary equivalent to the difference between their 2016 pay award and £1,155, capped at the HEO (National) pay scale maximum.
- This consolidated increase will be applied to existing base salary prior to the application of the 2017 award.
- An uplift in year two (2017) of £1,155 capped at the HEO (National) pay scale maximum.
- An uplift in years three (2018) and four (2019) of £1,155, capped at the HEO (National) pay scale maximum in each year.

Uplifts to Group two:

- For those whose salary following the 2016 award fell below the HEO (National) pay scale maximum, their salary will be uplifted to the HEO (National) pay scale maximum.
- This consolidated increase will be applied to existing base salary prior to the application of the 2017 award.
- Uplift in year two (2017) will be equivalent to the HEO (National) pay scale maximum.
- Uplifts in years three (2018) and four (2019) will be equivalent to the HEO (National) pay scale maximum.
- For those whose salary is currently above the HEO (National) pay scale maximum they will receive a 1.1% increase. At the point that the HEO (National) pay scale maximum increases to, or exceeds this level, their salary will increase in line with the HEO (National) pay scale maximum.

2.3 All individuals in Group three will remain above the HEO (National) pay scale maximum to 2019 and will continue to receive a 1.1% uplift.

2.4 Changes to an individual's circumstance will be taken into account in the calculation of this award.

Annex 1: AA-HEO 2017 Non-Consolidated Pay and Allowances

1. Introduction

1.1 The non-consolidated pay award and allowances are negotiated on an annual basis and cover one year only from the settlement date of 1 July 2017.

1.2 This is applicable to those who are substantive in DWP grades AA – HEO and equivalent.

1.3 A [separate pay offer](#) is applicable to employees who are substantive in DWP grades SEO-G6 (and equivalents).

2. Non-Consolidated Pay

2.1 The non-consolidated pay award covers 2017 only. Future non-consolidated pay offers will be negotiated on an annual basis.

2.2 The department's non-consolidated pot for 2017 remains at 1.9%, however, this will reduce as funding is moved across to the consolidated pot. By Year four of the Employee Deal the non-consolidated pot will have reduced to approximately 0.4% of pay bill.

2.3 The eligibility criteria for the non-consolidated pay offer remains in line with the 2016 pay offer outlined in 'Employee Deal DWP Pay Offer 2016 (AA-HEO)'.

2.4 You will be eligible for a non-consolidated payment in recognition of your individual contribution if you attain an 'Exceeded' or 'Achieved' rating under People Performance and were in post on 31 March 2017 and 1 July 2017.

2.5 If you have a "Must Improve" rating you will not receive an end of year performance award, regardless of whether formal poor performance action has commenced.

2.6 An end of year non-consolidated payment will be paid to all qualifying employees regardless of salary.

2.7 Individual performance awards will be:

- determined on the basis of the performance marking achieved for the 2016/17 performance year
- paid at the level appropriate to the grade in which you have been assessed, unless otherwise stated.
- paid as a non-consolidated, non-pensionable lump sum; and
- subject to tax and National Insurance.

2.8 In the following circumstances the non-consolidated payment will be pro-rated to reflect the number of days in service and/or working pattern:

- if you have not been in post for the whole of the reporting year 1 April 2016 to 31 March 2017.
- if you have not worked full-time for the whole of the performance year; or
- if you work part-time and/or part-year.

2.9 If you do not have 60 days actual performance you will not have your performance assessed and will not be entitled to an end of year award. Exceptions to this are where;

- the absence is due to maternity (including maternity-related illness during pregnancy), paternity, adoption or disability related sickness absence; or
- no performance rating is due because you are currently surplus but have more than 60 days service during the performance year;

2.10 In these circumstances an employee's performance marking will be mapped across from previous year's marking e.g. 2016 exceeded = 2017 exceeded.

2.11 The non-consolidated payment values for 2017 are shown in the table below.

| | AA | AO | EO | HEO |
|-----------------|-----------|-----------|-----------|------------|
| Exceeded | £550 | £625 | £750 | £800 |
| Achieved | £450 | £500 | £500 | £500 |

3. Allowances

3.1 Most [allowance rates](#) will be increased by 1% in 2017. The new rates are reflected in the allowances table.

4. OGD Transfers/Loans

4.1 OGD Transfers / Loans into DWP

If you transfer either permanently or on loan, into DWP prior to 1 April from another government department (OGD), and are on DWP Terms and Conditions, you will be automatically entitled to the DWP pay award.

If you transfer from another government department on or after 1 April 2017, and are on DWP Term and Conditions, you will not have automatic entitlement to the DWP pay increase from 1 July 2017.

In these circumstances, DWP payroll will contact your previous department to establish if you are entitled to the DWP pay award or whether you are due to receive an award from the exporting department.

If you transfer from another government department on or after 1 July and have not received a pay award from the OGD due to the transfer date, you will need to notify Employee Services who will liaise with the OGD to confirm eligibility.

If you are entitled to the DWP pay award it will be calculated and implemented separately from the main pay award but will be effective from 1 July 2017.

Where an OGD transfer has taken place, the overall civil service performance and reckonable attendance during the performance year should be taken into account when calculating any entitlement to a DWP non-consolidated award. See [People Performance Policy](#) for further information.

Different arrangements apply to employees who transferred in to DWP through other methods such as TUPE or COSOP transfers. Please see Section 19.17 of the '[Employee Deal DWP Pay Offer 2016 \(AA-HEO\)](#)'.

4.2 Transfers / Loans to Other Government Departments (OGD)

If you transfer either permanently or on loan to an OGD after 1 July 2017, your new payroll will be notified of any arrears that may be due to you up to your date of transfer. This includes any non-consolidated payment.

4.3 Returning to DWP Following Loan to an OGD

If you return to DWP between 31 March and 1 July 2017 SSCL will contact the OGD to establish whether you have received or will receive their 2017 pay award. Where Employee Services receive confirmation from the OGD that you did not meet their eligibility dates, you will receive the relevant DWP pay award.

Anyone who returns from loan on or after 1 July will need to notify Employee Services if they have not been considered for their OGD pay award due to the transfer date.

Your entitlement to a performance related non-consolidated award should be specified in your loan agreement. If this is not specified, and individuals are eligible, they will receive the DWP pay award.

5. Further Information

5.1 To help clarify any questions or concerns you may have, we have outlined answers to the most [frequently asked questions](#).

5.2 Further information about the Employee Deal can be found on the [Employee Deal homepage](#).

5.3 We have included a guide to [commonly used terms](#) that have been used throughout this letter.

5.4 Once you have read this letter, if you still have any remaining questions, please speak to your line manager. If they are unable to answer your query they will either direct you to Employee Shared Services or liaise with the ESS / HR Casework team in line with the [Service Delivery Model](#).

5.5 The DWP Pay Team will not be able to respond to queries directly but we will communicate through the Pay Award pages on the intranet. We will regularly review and update our Q&A in response to any common issues that are raised.