

Section 4: Pay in high cost areas

- 4.1 High cost area supplements will apply to all NHS staff groups in the areas concerned who are covered by this agreement. The supplements will be expressed as a proportion of basic pay (including the value of any long-term recruitment and retention premium), but subject to a minimum and maximum level of extra pay.
- 4.2 High cost area supplements will be pensionable. They will not count as basic pay for the purposes of calculating the rate of overtime payments, unsocial hours payments, on-call availability payments or any other payment excluding sick pay.
- 4.3 The level of high cost area payments effective from 1 October 2004 and 1 April 2005 are set out in Annex I. Beyond 2005 the value of the supplement will be reviewed annually, based on the recommendations of the Pay Review Body for Nursing and Other Health Professions and the Pay Negotiating Council.
- 4.4 The definitions of the Inner London, Outer London and the fringe zones for high cost area payments are set out in Annex H. Where staff who were previously entitled to extra-territorially managed (ETM) payments do not fall within the inner, outer or fringe definitions these payments should be converted into long-term recruitment and retention premia. If staff working in the designated inner, outer or fringe zones were previously in receipt of ETM payments, which have a higher value than the new high cost area payment applicable, the difference should be converted into a long-term recruitment and retention payment.
- 4.5 Current payments for London weighting, fringe allowances and cost of living supplements in these areas will be discontinued once the new arrangements are in force.
- 4.6 Employers who employ staff in more than one high cost area zone can agree locally a harmonised rate of payment across their organisation, provided they agree with neighbouring employers if the proposed rate would exceed the average rate payable in their area.
- 4.7 Current entitlements for cost of living supplements in areas outside London and fringe zones will continue but will be re-expressed as long-term recruitment and retention premia.
- 4.8 It will be open to the Pay Review Body for Nursing and Other Health Professions and/or the Pay Negotiating Council to make recommendations on the future geographic coverage of high cost area supplements and on the value of such supplements.
- 4.9 It will be open to NHS employers or staff organisations in a specified geographic area to propose an increase in the level of high cost area

supplement for staff in that area – or (in the case of areas where no supplement exists) to introduce a supplement. But this can only be implemented where:

- there is evidence that costs for the majority of staff living in the travel to work area covered by the proposed new or higher supplement are greater than for the majority of staff living in the travel to work area of neighbouring employers and that this is reflected in comparative recruitment problems
- there is agreement amongst all the NHS employers in that area
- there is agreement with staff organisations
- there is consultation with strategic health authorities and workforce development confederations in England.

4.10 The payment of a high cost area supplement will not impinge on the ability of local NHS employers in that area, in consultation with staff representatives strategic health authorities and workforce development confederations, to award recruitment and retention premia for particular staff groups in particular localities (see Section 5).

Transitional arrangements

4.11 Further information on assimilation and protection arrangements during the transition to the new system is set out in Part 7, including information on:

- the position on current payments for London weighting, fringe allowances and cost of living supplements
- the position of staff where the new level of supplement falls short of the combined entitlement to such former payments.