

Pay & Reward Policy

Document Date: January 2022
Purpose: To explain the arrangements around how permanent staff salaries are determined and the method of pay progression within the organisation.
Audience: Permanent staff

1. Introduction

- 1.1 This policy explains the arrangements around how permanent staff salaries are determined and the method of pay progression within the organisation.
- 1.2 It also covers the principles of reward and how any performance awards are managed.
- 1.3 It applies to all permanent members of staff between grades 3 and 11.
- 1.4 The aim of this policy is to ensure a fair and transparent process which supports the recruitment and retention of high quality, talented staff.
- 1.5 The Policy should be read in conjunction with the Job Evaluation Policy & Procedure.

2. Principles underpinning pay and reward

- 2.1 RHSU is committed to equality of opportunity in employment and will ensure that all staff receive equal pay for work of equal value and for work rated as equivalent.
- 2.2 A number of principles underpin the achievement of this:
 - 2.2.1 The adoption of a single, transparent salary pay spine for grades 3 – 11, excluding roles covered in 2.3 below.
 - 2.2.2 The application of a grading structure; whereby jobs of similar merit (with similar responsibilities and value) sit at the same grade.
 - 2.2.3 The consistent use of job evaluation (in accordance with the Job Evaluation Policy & Procedure) for all newly created roles and any significant revisions to existing roles, ensuring transparency and equity across the organisation.
 - 2.2.4 Basic salary reflects an individual's ongoing contribution to the organisation.
 - 2.2.5 Discretionary performance awards reflect specific and exceptional individual achievement.
 - 2.2.6 Completion of detailed gender pay gap analysis and reporting, that goes beyond the minimum analysis required legislatively.
- 2.3 Four supplementary pay spines (A,B,C and D) exist at the bottom of the pay scale and relate to the casual student staff rates of pay. Rate A and B are directly linked to the National Minimum Wage (for those above and below 23 years of age). Rates C & D represent supervisor and duty manager pay, and are set annually in the context of any increase to minimum wage and the wider pay scale.

3. Salary on appointment

- 3.1 All salary offers will be made within the standard incremental spine points of the grade at which the job has been evaluated.
- 3.2 An appointment at anything other than the first spine point of the grade must be based on an assessment of the candidate's ability to perform the job at the fully competent level and the anticipated contribution they will make in comparison with that of existing staff.
- 3.3 Authorisation to appoint above the first spine point of the grade must be sought from the relevant senior manager before confirming a salary offer with a prospective employee
- 3.4 Appointment to a salary beyond the first spine point in the grade may be justified where the prospective employee is in receipt of a salary and benefits package in excess of the value of the package on offer and has a significant amount of relevant experience. In such circumstances, the objective would be to make an offer at the minimum point required to secure the appointment.
- 3.5 Sabbatical Officer roles are not subject to job evaluation and not formally part of the pay and grading structure. However, to ensure parity year on year, Sabbatical Officer roles will be linked to the entry spine point of Grade 5, which places these roles in line with senior coordinator and entry level management positions.

4. Salary on promotion

- 4.1 On promotion, staff should normally be placed on the first incremental point of the grade relevant to the post. Where promotion is to the next grade and there is little movement to the individual's existing salary (i.e. in circumstances where an individual may be at the middle or top of their current grade), it would be appropriate to offer additional remuneration to ensure that the individual is at least four increments higher as a result of their promotion.
- 4.2 Any remuneration for a promotion should be agreed by the relevant senior manager before confirming a salary offer.

5. Pay progression

- 5.1 Increases in salary will happen for the majority of permanent staff annually, taking effect from 1st August each year.
- 5.2 The senior management team will be responsible for the annual salary review process.
- 5.3 Where budget allows we will seek to apply two types of increase:

- i. Cost of living increase

This increase is discretionary and will be linked to both internal and external factors (i.e. the amount of block grant received from College, budgetary performance across our membership and trading services, the cost of living index etc.).

This will be a percentage increase applied to all spine points within the pay scale.

- ii. Spine increment increase

The normal expectation is that staff will automatically move up one incremental spine point every year, until they reach the top non-merit point for their grade. There will be no service-related progression beyond this point.

Any increment into the merit part of the pay and grade scale will be awarded at the senior management's discretion and will only be available to staff who meet the criteria set out in the Performance Awards section below.

5.4 For reasons of parity, Sabbatical Officers will not be eligible for a spine increment if elected to a second year in post.

6. Performance Awards

6.1 Performance awards are payments made in addition to the normal salary increments (where applicable) for exceptional performance. There are three types of award:

- i. Merit point – incremental progression above the main scale for the post where the individual has hit the non-merit ceiling for the grade.
- ii. Accelerated incremental increase within the grade (more rapid progression through the main scale for the post); or
- iii. One-off non-consolidated and non-pensionable award determined with reference to the non-consolidated performance award table (Appendix 1) of this policy. Such award would be subject to deductions for tax and national insurance.

6.2 Performance awards are paid to recognise an individual's application of additional knowledge, skills and additional duties which are ongoing and increase their contribution in achieving organisational and departmental objectives, over and above both the normal expectation of the role and normal day to day duties.

6.3 Individuals and/or line managers may submit applications for a performance award. Applications should be made to the appropriate senior manager via email, setting out the specific nature of the contribution and the impact it has had on organisational strategy and team annual operating plans. The application should also make a recommendation for the type of performance award being applied for.

6.4 Performance awards may be granted at any point in the year, as well as at the annual pay review period. They are payable at the discretion of senior management and are not guaranteed.

7. Values Awards

7.1 Each year line managers will be given a number Values Awards to issue to permanent and student staff in recognition of any work which has directly reinforced one of our five organisational values; high quality, student focused, trustworthy, brave and inclusive.

7.2 Awards have a value of £5 to be spent in any of the Union's venues; the Packhorse, Tommy's Kitchen, Medicine, Union Shop and SU venue.

8. Acting Up Allowances

- 8.1 In recognition of those times when it is necessary for a member of staff to take on the role of a more senior colleague for a temporary period of more than four weeks, an acting up allowance is available.
- 8.2 The acting allowance should be the difference between the employee's existing salary and the minimum point on the pay scale for the higher graded post, provided that the employee benefits by at least four incremental spine points.
- 8.3 The allowance will be paid with effect from the first day of acting up.
- 8.4 The above provision does not apply where the staff member undertakes only part of the duties and responsibilities of a higher graded post. However, it may be decided that they should receive a performance award in these circumstances.

9. Pay Stipends

- 9.1 A pay stipend is an addition to the gross salary amount that is applied before deductions to an individual's salary.
- 9.2 The organisation does not routinely offer pay stipends as part of employment contracts as these are more challenging to manage long term as staff rates of pay deviate from defined spine point rates.
- 9.3 If put in place, a stipend should not be a flat rate (i.e. should not be £1500 per year) instead it should be expressed as a % of either:
- The individual's gross rate
 - A set spine point on the pay scale i.e. spine point 41
- 9.4 This approach has been set out to:
- Ensure the stipend is set in the context of annually changing pay scale
 - Capture the cost of living increase fairly within the stipend
 - Ensure consistency in application of stipends

10. Market Supplements

- 10.1 We recognise that some roles require a market premium to be added in order to attract appropriate candidates to a particular role or at a time where the recruitment market is particularly competitive.
- 10.2 The job evaluation process will still determine the Grade for the role but a market premium can be added to a role at the agreement of the senior management team.
- 10.3 A market premium should commence on the mid-point of the grade established by job evaluation and extend to the midpoint of the grade above.
- 10.4 This approach ensures that market premiums are management within the existing pay scale and ensures consistency in application.

11. Retention Supplements

- 11.1 A retention supplement may be made to an individual because of their personal market worth. In these cases it recognises the individual and not the role.
- 11.2 It is a separately identified payment, made in addition to the established salary for the role. It is paid to increase total pay to a level sufficient to retain talented staff in competitive market conditions. It will form part of the consolidated pay and be pensionable.
- 11.3 Any retention supplements should be approved by the senior management team.
- 11.4 Approved retention payments should be made as per the retention payment table (Appendix 2) of this policy.

12. Pay Protection

- 12.1 Transitional pay protection is applied to individual staff members in limited circumstances, including:
- Staff whose posts have been red-circled (see below) as a result of job evaluation
 - Staff redeployed into a lower paid job in accordance with RHSU's Redundancy Policy.
- 12.2 Red-circling is the process of protecting the pay of an employee whose current pay is higher than the grade established for their role by job evaluation. Red circling may apply where the size or scope of a role has reduced as a result of restructuring, operational changes or the introduction of new technology.
- 12.3 In cases where red-circling is appropriate, short-term pay protection of no more than two years will be offered to provide time for staff to adjust to the financial impact of a reduced salary. The staff member's salary will be frozen at their current level and they will not be entitled to any pay increases during the period of pay protection.
- 12.4 Where cost of living increases result in a frozen salary becoming lower than or equal to the correct salary grade, the member of staff will no longer be red circled and normal incremental awards will be applied in the future.
- 12.5 Should a member of staff's salary remain red-circled at the end of the period of pay protection, their salary may be reduced to the pay point on the correct grade that is closest to their current salary. This will include any contribution points available for the correct grade if necessary

Appendix 1

Non-consolidated performance reward payment table

Performance reward payments are set at a % of the individual's annual contracted salary, to ensure parity in application across the organisation for staff in a variety of roles. Two reward levels are provided, to allow some room for consideration of exceptional circumstances.

Reward level A should be used by default in all circumstances, with reward level B considered only if upon reflection the Senior Management Team feel the circumstances in which work has been produced, and the ongoing commitment to work above and beyond the individuals set remit is exceptional in nature.

Payments are subject to PAYE deductions.

Reward A	Reward B
2.5% of Annual Contracted Salary	3.5% of Annual Contracted Salary

Appendix 2

Retention payment table

Staff should not fall eligible for a retention payment more than once during their employment. Where a retention agreement is established and a retention date agreed, the recipient staff member must remain in post until the retention date passes to remain entitled to the retention payment.

The retention payment level is determined by the retention period length. Retention agreements beyond 12 months should only be used in exceptional circumstances i.e. to facilitate a long term transformation project, and where no alternative option exists with tolerable levels of disruption to the organisation.

Retention payment rates have been set with consideration of executive search partner fees and operational disruption, with the aim in all cases of resulting in reduced financial and operational impact for the organisation.

Payments are subject to PAYE deductions.

Retention date fall within	Retention Supplement
6 – 11 months from date of approval	4% of Annual Contracted Salary
12 - 17 months from date of approval	7% of Annual Contracted Salary
18+ months from date of approval	10% of Annual Contracted Salary