



Pay and Reward Policy

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1. Policy

This policy outlines the Company's approach to remuneration. Through our revised Pay & Reward Policy, we aim to:

- Acknowledge the motivations of employees within the workplace, such as: pay, recognition, status, flexibility, and values;
- Provide clarity on the remuneration that any employee can expect, and on how employees may progress either within their role or within the company, ensuring consistency across departments;
- Demonstrate the high value that the Company places on its employees, without raising unrealistic expectations and working within its financial constraints.

2. Purpose

The Policy outlines the Company's framework for the following:

- General pay levels and annual increase
- Use of payscales
- Annual leave entitlement
- Training and development
- Other benefits and methods of recognition
- Bonus schemes
- Succession planning and internal transfers

3. Principles

The following principles will apply to this policy:

- It will be open, fair and transparent
- It will promote consistency in the approach for all customers
- It will be realistic, achievable and deliver value for money for our customers
- It will be reviewed every 3 years

4. Review

We will review this policy at least once every three years to ensure that it continues to operate within best practice, achieve measurable results, and achieve continuous service improvement.

Alternatively, the policy and all associated procedures will be reviewed immediately following any relevant change to government policy, regulation or legislation.

The Head of HR will be responsible for ensuring that policy reviews are undertaken, that appropriate consultation takes place and that revisions are reported to the Executive Team for its approval.

5. Application

The Executive Team will approve this policy and delegate responsibility to the Head of HR for ensuring that this policy is communicated and implemented.

The Head of HR will provide training for staff to ensure that they fully understand the wider issues surrounding this policy and the procedure.

6. Policy Statement

6.1 General Pay Levels and Annual Increase

The Company aim to ensure that employees are remunerated fairly for the job that they do and that salaries are in line with the market.

In December the Remuneration Committee will consider whether to recommend to the Board payment of a cost of living increase. Factors considered are:

- economic climate at the time, including local conditions.
- what others in the sector are doing
- rental income & budget constraints
- RPI & CPI rates (based on the preceding Septembers rate - found on Office of National Statistics website)

The Board will decide at its January meeting whether to ratify the Remuneration Committee's recommendation.

Where a cost of living increase is to be awarded it will be with effect from 1 April and will typically be a percentage increase in salary. However, payment of a minimum award will be considered as an

alternative. This is to ensure that those on lower salaries receive a meaningful increase.

Should there be any reason for a cost of living increase not to be awarded, the Company will endeavour to notify employees by the end of February at the latest.

Market testing and an equal pay health check will take place every three years by way of a validation of all salaries to ensure that staff have confidence that their pay reflects the market and is fairly and equitably applied.

Where the market testing is lower than the current salary levels a 12 month salary protection will apply, 6 months at full pay and 6 months at half pay. Following the market testing, salaries will either remain the same, increase or decrease, should they decrease the employees' existing salary will be frozen with no entitlement to cost of living rises or increments for a period of 6 months. At the end of this period their salary will be reduced by 50% of the difference between the old salary and the the new salary, with no entitlement to cost of living rises or increments for a further 6 months. Thereafter, the salary will be reduced to the agreed new salary.

Where the new job is on a lower salary and is more hours per week than the employee's previous job, the employee's pro rata salary for their original hours is frozen with no entitlement to cost of living rises or increments for a period of 6 months and the additional hours are based on the new salary. At the end of this period the protected element of their salary reduces by 50% of the difference between the old salary and the new salary, with no entitlement to cost of living rises or increments for a further period of 6 months. The additional hours continue to be based at the new salary. Thereafter, their entire salary will be reduced to the salary.

The same salary protection rules will apply following a restructure, redundancy or redeployment.

For further information please refer to Management of Change procedure.

6.2 Existing Post Reviews

Job descriptions will be reviewed as part of the annual PDF process. In some circumstances a revaluation of the job description may need to be undertaken outside of the three yearly market test conducted for the whole company. The market test will be at the discretion of the line manager.

A review outside of the 3 yearly market test will be due to changes to responsibilities, restructuring activities or team changes.

Any in year reviews can be approved by the Exec Team.

6.3 New Post Evaluation

All new posts have the draft job description and person specification sent to a consultancy for evaluation against the marketplace. Those new posts that are over and above the agreed establishment require approval by the Executive Team.

The evaluation identifies what the Consultancy Company believe is the, lower, median and upper quartile point in the market.

The majority of posts will be paid at the median or within 10% lower or higher. In some circumstances it may be necessary to pay below or over this; this will be based on business needs and determined by the Executive Team. Salaries will not go below the lower quartile or above the upper quartile stated in the market evaluation report.

6.4 Payscale

The Company will not subscribe to general incremental paycales, and salaries will generally be set on a single-point basis.

However, for the purposes of appointment, and during the probationary period where it is appropriate for different levels of expertise, qualifications and capability to be recognised, a competency-based payscale will be used. At appointment each post will carry, a 70%, 90% and 100% capability level and appropriate salary which will reflect the employees expertise, qualifications and capability. Specific criteria for achievement of the progression to 100% will be agreed with the employee on appointment so that they are aware of how the full salary is to be achieved, and have an idea of how long this might take.

6.5 Annual Leave Entitlement

All employees will receive at least 27 days annual leave per year, plus all bank holidays. This is applied on a pro rata basis for part time

staff. Some senior management positions can be awarded up to 30 days per year, but this requires specific approval from Executive Team prior to appointment. Directors receive 32 days annual leave per year.

6.6 Training and Development

The Company will support training and development according to business need and in line with the training policy.

6.7 Other Benefits and Methods of Recognition

The benefits which the Company offers have been developed to ensure optimum recruitment and retention of staff with a view to maximising staff satisfaction with pay and benefits packages. Other employment benefits which the Company offers are:

- Defined contribution pension scheme
- Private Medical Insurance
- Cash Plan
- Employee Assistance Programme
- Flexible working through a Flexi-time Policy and a Work Life Balance Policy
- Sick pay over and above statutory entitlement (six months full and six months half pay depending on length of service)
- Annual Health Fair
- Salary sacrifice schemes – childcare vouchers & cycle schemes

Other reward mechanisms include the Bright Stars scheme – a scheme which rewards employees who go “above and beyond” in carrying out their duties. Any stakeholder can nominate a member of staff, and requires Executive Team approval.

Each year the company will issue an annual statement of remuneration package to ensure that management and understand the value of the package that is received.

6.8 Succession Planning and Internal Transfers

Internal transfers and secondments pose an opportunity for individuals to develop their own experience and further their own careers, as well as an opportunity for the Company to retain talent within the organisation.

Secondments and internal transfers may be used as development opportunities for staff, and whilst business needs must be considered, should be encouraged by managers.

Due to the small size of the organisation, a formal succession planning framework is not established, however internal recruitment protocols do enable staff secondments to business critical posts to be agreed on a temporary basis with the approval of the Executive Team where there is a strong business case without having to formally advertise for this post. .

6.9 Acting Up Payments

As part of the Company's ongoing commitment to developing staff there may be a business need or requirement to act up into a role. This may include;

Taking on additional responsibilities of a role that is more senior than their current one, this may be to cover, sickness or other absence or

Taking people management responsibilities for a set period of time

In these circumstances we may take the view that the additional responsibilities merit the payment of acting up allowance for the period of the activity. Exec Team will consider any acting up and agree a salary for a period of up to six months at a time, depending on the duties and responsibilities. A percentage of the full time equivalent salary will be agreed by Exec Team and reviewed on a six monthly basis.

7. Equality Impact Assessment

7.1 Who has been consulted in developing the Policy?

Date	Consultation methodology	Challenge/impact/result
13/3/12	Remuneration Committee	To approve changes and make recommendation to Board
	Staff notification via staff forum	To inform on changes

7.2 Identify potential impact on each of the diversity “groups”

Strand	No impact	Negative impact	Positive impact	Comments/evidence
Race	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Disability	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Gender	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Gender Reassignment	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Sexual orientation	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Religion or belief	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Age	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Rural issues	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Social Inclusion issues	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Pregnancy and maternity	<input type="checkbox"/>			No protected characteristics used to determine pay & reward
Marriage and civil partnership	<input type="checkbox"/>			No protected characteristics used to determine pay & reward

7.3 Does the Policy promote equality of opportunity?

Yes.

7.4 If “adverse impact” identified in table above is it?

Not applicable.

7.5 A full EIA is not required for this policy.

No.

7.6 If suggestions for improvement have been suggested, what should the positive outcome be for North Devon Homes’ customers and stakeholders?

None

Next review date	
December 2019	
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