

# Human Resources



Leading education  
and social research  
Institute of Education  
University of London

## Reward Strategy

**Approved by Finance & General Purposes Committee**

**Date 23 May 2006**

## **1 Background to the Strategy**

This strategy has been produced to provide a framework within which a number of significant changes are taking place in the structure of pay and benefits at the Institute. These changes include:

- 1.1 The Framework Agreement for the Modernisation of Pay and the various papers on its implementation which have been considered by the Institute's Planning and Resources Committee;
- 1.2 On-going work to develop a structure for the pay and benefits of the Institute's senior staff.

## **2 Links to the Institute's HR Strategy**

The Institute's Human Resource Strategy has, as the first two of its six objectives:

- 2.1 To recruit and retain the best available staff and sustain their motivation and performance;
- 2.2 To reward individuals for the responsibility of the jobs they hold and the level and quality of performance they deliver.

Specific objectives in the Human Resource Strategy Action Plan relating to reward include:

- 2.3 To recognize the contribution of staff with appropriate rewards in areas of particular importance to the realisation of the Institute's mission;
- 2.4 To extend HERA job evaluation scheme to all groups of staff to underpin a new grading structure;
- 2.5 To review terms and conditions of employment for all groups with a view to harmonisation;
- 2.6 To continue to review the terms and conditions of employment for staff and enhance these where appropriate, as part of a positive staff retention strategy;
- 2.7 To examine, develop and improve existing reward strategies to motivate and retain staff.

## **3 Definition**

Total reward is made up of a range of elements which need to be integrated. These are:

- Direct financial rewards, sometimes known as direct pay;
- Employee benefits which have a monetary value to the individual recipient;

- Conditions of service, non-pay and contractual benefits accruing to the individual;
- Pension provisions;
- Learning and development including the potential to receive funded learning opportunities and training;
- Working environment, which includes both the individual's physical working and the climate/culture of the organization.

## 4 Principles

The Institute's Reward Strategy is driven by the following principles:

### 4.1 Supporting excellence

The strategy needs to ensure that it supports the Institute's mission of pursuing excellence in education and related areas of social sciences and professional practice.

### 4.2 Equity and transparency

The strategy and supporting policies need to achieve equity—"the idea of being just, impartial and fair", and transparency—"the full, accurate and timely disclosure of information" in order to have credibility;

### 4.3 Flexibility

The strategy needs to be capable of being changed and adapted to reflect new organisational structures and wider policy changes in higher education;

### 4.4 Competition for staff

The Institute wishes to recruit high calibre staff in what is an increasingly competitive environment. Its salaries need to be comparable and, in some cases, slightly better than salaries offered elsewhere in the HE sector;

### 4.5 Fiscal responsibility and affordability

The Institute needs to maintain a balance between its pay costs and its other expenditure in line with other similar types of institution. The Institute's reward policies need to be prudent and should not put undue pressure in either the short, medium or long term on the Institute's budget;

### 4.6 Legal compliance

The Institute accepts the changing nature of employment and the need for its policies to reflect legal requirements, best practice in the HE sector and current social trends;

#### **4.7 Supporting continuous improvement and performance management**

Reward policies need to support a culture of continuous improvement and performance management. This is one where a constructive and positive dialogue takes place between members of staff and their line manager(s) about improving performance at all levels in the Institute and a culture where the contribution of all members of staff is appropriately recognised;

#### **4.8 Integrated with strategic objectives**

The Institute needs to view reward policies in their widest context and needs to ensure that reward policies integrate the various components of the reward package to achieve Institute objectives;

#### **4.9 Administratively simple**

The Institute's reward policy needs to be as simple to administer as possible not placing undue burdens on administrative departments or requiring additional staffing to administer the policy.

### **5 Aims**

The aims of this strategy are:

- 5.1 To recruit and retain high quality staff;
- 5.2 To motivate staff to achieve improving performance in pursuance of the Institute's goals;
- 5.3 To encourage staff to develop the skills necessary to keep the Institute "world class".

### **6 Implementation**

The Institute's Reward Strategy will be delivered through a number of policies and procedures;

- 6.1 The harmonisation of pay and conditions and development of the single pay spine;
- 6.2 The developing policy for the reward of senior staff within the Institute;
- 6.3 The development and use of external benchmark data on pay and conditions comparing the Institute with other institutions of higher education in the UK and overseas;
- 6.4 The continuous review of employment policies and procedures to ensure that they remain in line with, if not ahead of other similar institutions.

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## **Senior Staff Reward Policy**

**Approved by Finance & General Purposes Committee  
Date 23 May 2006**

<http://www.ioe.ac.uk/personnel/informationforstaff/generalinformation/rewardstrategyandseniorstaffrewardpolicy060523.doc>

1. This document proposes a policy for the future remuneration of senior staff within the Institute, specifically those staff at Professorial level and ALC6, OR6, Research 4 and Leadership grades. (The performance and remuneration of the Director, Deputy Director and the Director of Administration will be considered separately by the Remuneration Committee.) It has been produced by reviewing best practice in other institutions of higher education in the UK and overseas (specifically Australia and the USA) and other published work on senior staff reward. The proposed policy offers a main proposal and also highlights a further option for change.
2. The Institute's reward strategy needs to support those elements of the Institute's human resource strategy which relate to staff recruitment, performance and retention, namely:
  - a. To recruit and retain the best available staff and sustain their motivation and performance;
  - b. To reward individuals for the responsibility of the jobs they hold and the level and quality of performance they deliver.
3. The reward policy for senior staff also needs to reflect the open and transparent approach of the HERA job evaluation system and needs to support the pay and reward structure being developed for employees of the Institute other than senior staff.
4. It may be appropriate to view total reward as consisting of four elements:
  - Pay - to include base pay and any other cash payments;
  - Benefits - to include items such as pension benefits, life insurance and other non-cash but tangible benefits;
  - Look and feel - to include the extent to which the Institute embraces issues such as an individual's working environment, how they are recognised within the Institute, how they are led and managed and the extent to which the Institute operates flexible employment policies;
  - Opportunity - the potential for the individual to develop and grow both personally and professionally within the Institute.

This paper addresses the first element of pay.

5. It is proposed that the senior staff reward policy follows a set of guiding principles including the following:
  - Budgetary - the ability of the Institute to pay any awards agreed as part of this policy;
  - Transparency, "the full, accurate and timely disclosure of information" and internal equity, "the idea of being just, impartial and fair";
  - Job design - that the reward policy reflects the key elements of an individual role, for example the five key elements of a professorial role, those activities which are "core", and those activities which are either additional or rotate;

- Performance - that differing levels of performance are reflected in an individual's total remuneration;
  - Strategic/policy considerations - that the reward strategy for senior staff does not create conflict with the Institute's strategic policy goals;
  - Equal pay - the need for the Institute to satisfy equal pay requirements, particularly where comparing internal appointments to external appointments;
  - Single status - that the same broad principles are applied to all staff in the Institute.
6. It is proposed that the pay package for senior staff is composed of a number of elements:
- Basic pay - that element of an individual's salary which is derived from the appropriate band for the role;
  - Performance-related progression - that opportunity for incremental progression is dependent primarily on performance;
  - Responsibility element - a fixed sum payable for rotating or non-rotating leadership and managerial responsibility above and beyond an academic member of staff's responsibilities;
  - One-off payments - these could be payable in a variety of circumstances and for a variety of reasons. They could include enhanced relocation allowances, one-off ex-gratia payments, one-off recruitment and retention allowances, etc.

All elements, apart from responsibility and one-off payments, would be eligible for an annual cost of living increase in line with national pay awards, subject to approval by the Finance and General Purposes Committee.

## **7. Salary bands**

It is proposed that a salary scale consisting of three bands be used for professorial and other senior staff salaries. It is proposed that these three bands form a single incremental pay spine. There would be three professorial bands to cover the differing levels of contribution to the generic role of professor:

Band 1 - for newly conferred or appointed professors;

Band 2 - for established professors demonstrating sustained effective performance - this is the normal expectation for performance of a professor at the Institute;

Band 3 - for established professors demonstrating sustained exceptionally high performance.

There would be three bands for senior management roles. However, allocation of roles to the bands would be determined by the HERA job evaluation scheme, since these are specialist roles.

There would be no automatic annual incremental progression in Bands 2 and 3. Incremental progression would only occur in Band 1 for professorial staff. This is to encourage the development of newly conferred/appointed professors to fully meet the performance requirements of a Band 2 professor. Details of the salary bands are shown in **Appendix A**. Any changes to the salary points and bands (outside of cost of living increases) would be approved by the Remuneration Committee.

## **8. Professorial bands**

### **8.1 Band 1**

Where an existing member of staff has a professorial title conferred or an external candidate is appointed to their first professorial role (or equivalent) their salary would **normally** fall in Band 1. This would be determined by evaluating the role or a role similar to the one they would be taking. The individual would then be placed on an incremental scale for newly appointed Professors (Band 1). It is the normal expectation that individuals would progress by annual increments from their initial starting point to the top of the scale for Band 1.

Once the individual had reached the top of Band 1 their salary would be reviewed by the appropriate Head of School (and appropriate Dean or Pro-Director if the Head of School is not a Professor) and a recommendation for any change made to the Remuneration Committee. Progression to Band 2 would not be automatic. Progression would be based on evidence that the individual met the role profile for a Band 2 professor.

### **8.2 Bands 2 and 3**

Where an established professor from a comparable institution is appointed to the Institute their salary would normally fall into Band 2, or in cases considered by the Director to involve individuals who have already demonstrated consistent exceptional performance, into Band 3. A responsibility element, where the individual were also appointed as a Head of School, Dean or Pro-Director, would be determined by the Director in relation to the range of academic management responsibilities to be discharged as part of the role. The responsibility allowance would be superannuable. The Director may also consider an additional one-off payment for enhanced relocation or recruitment, etc. (such amount to be reported to the Remuneration Committee).

### **8.3 Progression within bands**

There will be no automatic incremental progression. Any salary increase will be by performance review undertaken on an annual cycle. The review will be conducted by the Head of School/Unit in the Spring Term. If the Head of School/Unit is not a professor then an appropriate Dean will assist to undertake a joint review.

The performance of the Head of School/Unit should be reviewed by the Deputy Director. The appropriate line manager will make a recommendation to the Remuneration Committee whether an increase in salary should be made and, if so, by how many increments. This recommendation may include a non-consolidated payment for a specific piece of work. The Remuneration Committee would audit the recommendations and decide whether to endorse these, dependent on the Institute's financial position.

#### **8.4 Progression between bands**

Progression from Band 2 to Band 3 would not be automatic. Any recommendation for progression to the Remuneration Committee would need to be evidenced that performance met the role profile for a Band 3 professor.

### **9. Leadership/managerial roles**

Staff may undertake a strategic/leadership role for a period of time in addition to a professorial or academic role. In those circumstances performance should be reviewed as follows:

Pro-Directors to be reviewed by the Director, with Head of School/Deputy Director contribution as appropriate in relation to their professorial appointment.

Deans to be reviewed by the Deputy Director, with Head of School contribution as appropriate

Associate and Assistant Deans by the relevant Dean, with Head of School contribution as appropriate

### **10. Senior Management bands**

Posts within the senior management bands will be determined by the HERA job evaluation scheme. Salaries on appointment will be to an appropriate incremental point within the relevant band.

#### **10.1 Progression within bands**

There will be no automatic incremental progression. Any salary increase will be by performance review undertaken on an annual cycle. The review will be conducted by the Director of Administration in the Spring Term. The Director of Administration will make a recommendation to the Remuneration Committee whether an increase in salary should be made and, if so, by how many increments. This recommendation may include a non-consolidated payment for a specific piece of work. The Remuneration Committee would audit the recommendations and decide whether to endorse these dependent on the Institute's financial position.

## **10.2 Progression between bands**

There would be no progression between bands unless a re-evaluation of the post supported a change in banding.

## **11. Implementation**

If it is agreed, after a period of formal consultation, that the proposed changes in senior staff reward outlined above are implemented the following process is proposed.

Benchmark roles in the senior administrative grades are identified and the relevant jobs are evaluated. Remaining roles are matched to benchmark roles so that all roles can be assigned to the appropriate senior management band. Role descriptors for the professorial bands are finalised and agreed, building on the five key elements of a professorial role. Suggested criteria for the professorial bands are attached as **Appendix B**.

From 1 August 2006 each employee within the existing professorial scale would be assimilated upwards to the nearest available salary scale point. Any existing recruitment and retention premia would be consolidated into basic salary prior to assimilation. Any relevant employee may also make a case for an additional increase in salary to the Remuneration Committee, to be effective from 1<sup>st</sup> August 2006. Thereafter the new process of annual performance reviews would commence in the Summer Term of 2006 with the setting of targets/goals. Any recommendations for salary increases based on the new scheme would be considered by the Remuneration Committee in the Summer Term of 2007.

The same process of assimilation upwards to the nearest salary point would operate for employees within the existing ALC6, OR6, Research 4 and Leadership grades except that the determination of salary band would be by job evaluation. The Institute would need to decide if the current OR6 and Research 4 grades should fall within the professorial or senior management bands.

## **12 .Future issues**

This paper has concentrated on developing a pay structure and process that is more transparent and equitable. However, the Institute should also consider if it wishes to embrace the concept of flexible pay, which is much favoured by higher education institutions overseas. Whilst the process for determining an individual's total reward amount remains unchanged, how the total cash value of that reward is spent by the individual is more flexible and allows for the individual to obtain potentially more valuable benefits through the Institute's purchasing power. An example of this would be the purchase of critical illness cover.

It may also be appropriate at this stage to consider an individual's non-pay benefits which, whilst not accruing to the individual, can be seen to make their workload "more bearable" and/or contribute to their professional activities; effectively the look and feel of the organization. Non-pay benefits can include office accommodation, secretarial support, additional staffing in a particular area or on a specific project.

This policy should be reviewed every three years to ensure that it meets its objectives of recruiting and retaining the best available staff and rewarding employees for the responsibility of the jobs they hold and the level and quality of performance they deliver.

## Appendix A

<b>Band 1</b>	1	44,946						
	2	47,585						
	3	50,223						
	4	52,862						
	5	55,500						
			<b>Band 2</b>	1	55,500			
				2	57,289			
				3	59,078			
				4	60,867			
				5	62,656			
				6	64,444			
				7	66,233			
				8	68,022			
				9	69,811			
				10	71,600			
						<b>Band 3</b>	1	71,600
							2	75,945
							3	80,290
							4	84,635
							5	88,980
							6	93,325
							7	97,670
							8	102,015
							9	106,360
							10	110,705

## PROFESSORIAL SALARY BANDING

### Proposed guidance notes

- 1 These guidance notes are intended to stimulate discussion about possible, exemplars and descriptors that distinguish the bands.
- 2 It is expected that significant achievement will be shown under any three of the five domains and it is not expected that achievement will need to be demonstrated under all of the five domains.
- 3 The lists of exemplars under each of the domains are by no means meant to be exhaustive. Other exemplars can be added and would be encouraged to reflect the individual contribution and creativity of professorial staff.
- 4 Some discussion needs to take place about the level of international activity expected in Bands 1, 2 and 3.
- 5 Any Professor wishing to progress beyond the maximum salary point of Band 1 will be required to make a formal case for progression to Bands 2 and 3 using documentation to be developed.
- 6 Consideration needs to be given to the process for (5) above.

## Research and publications profile

<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>
Demonstrates peer recognition on the national/international scene for contribution to research and scholarly work	Demonstrates peer recognition of international standing for the quality and volume of research and scholarly work	Demonstrates international leadership by the originality and academic rigour of scholarly work

### Examples of evidence

Volume of authored books, papers in leading peer reviewed journals, keynote speeches at national/international conferences, size of funded research projects and impact on public policy at national/international level

## Teaching

<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>
Demonstrates an on-going leadership role in the development and improvement of courses offered within the Institute	Demonstrates effective leadership in the design and implementation of major new teaching programmes	Demonstrates effective leadership in the development of teaching programmes which have been recognised for excellence

### Examples of evidence

Effective dissemination of new approaches to teaching and assessment, design and implementation of new curricula, evidence of “inspirational teaching” from student feedback, national awards linked to individual teaching, scholarly work linked to teaching, active role in national/international networks concerned with learning and teaching in higher education.

## Contribution to the generation of “third stream” income

<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>
Demonstrates a major contribution to the generation of third stream income	Demonstrates a significant contribution to third stream income from consultancy having national impact	Demonstrates a sustained contribution to third stream income from consultancy having an international impact

### Examples of evidence

Impact, innovation and complexity of projects, level of income generated, leadership of multi disciplinary projects

#### Contribution to the management and administration of the Institute

<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>
Demonstrates a sustained contribution to the effective and efficient management of the School	Demonstrates a sustained contribution to the management of the Institute	Demonstrates a sustained outstanding contribution to the management and leadership of the Institute

### Examples of evidence

Effective management of budgets and resources, production of policy/strategy documents for Senate or Committees, chairing internal reviews, representing the Institute and negotiating with external organisations.

#### Contribution to health of the wider community

<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>
Demonstrates a sustained contribution to the wider community	Demonstrates a sustained contribution to the wider community at national level	Demonstrates a sustained contribution to the wider community at international level

### Examples of evidence

Providing expert opinion to other organisations, national reviews, chairing Boards of Examiners, media exposure, involvement with statutory bodies, editor of prestigious journals.

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