

Pay and Reward Policy

External Extract

1. Summary

This is an extract of the Pay & Reward policy, which sets out NCFE's approach to pay and reward for Senior Leaders. NCFE is committed to ensuring that colleagues are rewarded fairly and equitably for their work and that any reward systems are transparent and consistent.

The policy outlines the company's framework for the following:

- Annual Salary Review process
- Salary bands and job families
- Allowances and supplements
- Salary upon appointment
- Annual bonus scheme eligibility

Reward decisions are set independently every year, and therefore no precedent is set within this policy. However, the reward framework, outlined in this policy remains in place with annual reviews.

This policy considers the guidance in the CGC as to ensure consistent treatment with the broader population.

Charity Commission Conflict of Interest guidance: Unlike trustees, staff are normally paid and may receive other benefits from the charity as part of their remuneration. They should not be involved in any trustee decisions about the remuneration they receive.

This policy aims to ensure that colleague pay, and reward is designed to promote the long-term success of NCFE. The full policy (available internally) is designed to allow The Executive Team (for colleagues within NCFE) and The Board (for colleagues within the Executive Team) the scope to reward and recognise fairly and to position NCFE competitively in the labour market to recruit, reward and retain talent to deliver the strategic and operational objectives of NCFE.

The full policy applies to all colleagues across the NCFE group. It does not apply to agency workers, self-employed contractors, or contingent workers. Where non contractual benefits are outlined in this policy, this will be made clear, and therefore they do not form part of any colleague's contract of employment, and these may be amended at any time.

2. Principles

The following principles will apply to this policy:

- This policy considers the guidance in the Charity Governance Code (CGC)
- It will be open, fair and transparent
- It will promote consistency and equity
- It will be realistic and allow for flexibility and value for money
- It will be regularly reviewed
- All pay decisions should bear in mind statutory and regulatory requirements along with current case law. Pay is a sensitive legal matter and any concerns should be raised with People Services for appropriate advice.

- All pay decisions should be made giving consideration to the wider organisation and parity for similar responsibilities should be the overall objective
- Pay and reward will be regularly reviewed and governance will be ongoing to ensure that appropriate controls are in place

3. Salary Arrangements

3.1. Salary Bands

All job descriptions will be classified against the NCFE Job Classification Scheme a summary of which is available on NCFE's Intranet. Each role will be assigned a salary band from A-F which will have minimum, median and maximum points. No colleague will be paid below the minimum rate for their job level except for development roles, which do not apply at Executive Level.

The general expectation is that no salary will progress beyond the maximum of the salary band for the role. There may be exceptions to this however, for example where there is substantial evidence of a challenging recruitment market due to external factors for a business-critical role (see market supplements).

When any salary uplift is agreed from the Annual Salary Review process, the minimum, median and maximum points of the salary levels will be uplifted accordingly.

3.2. Job Families

All job descriptions will be assigned a job family through the job classification process.

3.3. Annual Salary Review Process

NCFE is committed to ensuring that colleagues are remunerated fairly for the job that they do, we remain competitive in the talent and attraction market and that salaries are in line with market rates.

One of the ways of achieving this goal is to undertake an annual salary review process. Factors which will be considered are:

- Economic Climate including inflation rates, ongoing challenges in the sector and other local conditions
- Salary benchmarking using national data from the Cendex Salary Survey (or other appropriate data)
- Revenue and organisational financial performance
- Affordability of any pay increase
- Any other relevant factors on a case-by-case basis

The annual salary review will take place between February and April each year. A recommendation will be made to Board in May or June and any salary uplift will be payable from 1st August each year. This will typically be a percentage increase for all colleagues but exceptions may apply as appropriate e.g. a higher percentage for colleagues in lower salary bands or an uplift of a set amount.

Should there be any reason that an increase is not awarded, the Exec Team will endeavour to communicate this to colleagues as soon as possible. Annual pay increases are not guaranteed and are not a contractual entitlement.

3.4. Paying above the top of the band

It may be appropriate in specific circumstances to pay above the top of the salary band agreed for the role.

This requires authorisation by the CEO (For Executives) and the Board (for the CEO).

3.5. Acting Up Allowances

Where a colleague is asked to cover the duties of a post at a higher salary (e.g. taking on Line Management responsibility) they may be paid an acting up allowance. The following principles should apply:

- Where the employee is covering all the duties of the post at a higher salary, they should be paid at a salary appropriate for the duties.
- The allowance should be for a clearly defined period of time, usually until either the post-holder returns, or the post is filled substantively.
- The individual must be covering the duties for a minimum period of 4 weeks to be eligible for an Acting Up Allowance.
- The allowance and the time-period should be agreed in advance with the line-manager and budget holder and confirmed by People Services. For any arrangements likely to run for over 6 months, a secondment should be considered.

3.6. Other allowances

Other allowances may be deemed appropriate e.g. recruitment or retention allowances or additional responsibility allowances. These should be agreed between the CEO (For Executives) and the Board (for the CEO).

3.7. Salary on Appointment

3.7.1. General Principles

NCFE strives to attract high quality talent and therefore a salary range should be added to every job advert where appropriate. This range would typically be from the minimum of the relevant salary band to a reasonable maximum salary for the role and typically no higher than the mid-point of the salary band. In deciding an appropriate maximum salary point, it is important to balance the ability to attract good talent with maintaining sustainable costs for the organisation and ensuring that we are not paying substantially more than the market rate for any specific role.

Where the department wishes to advertise above the mid-point of the Band, authorisation must be obtained. Chief Executive approval must be obtained for roles at Band A.

3.8. Discretionary Salary Increases

NCFE recognises that there may be times when individual circumstances warrant a salary increase. Examples of this may include the following (non-exhaustive list):

- When a colleague has taken on increased responsibilities
- Where the recruitment market indicates that the current salary is inappropriate
- Where a colleague provides significant evidence that they may be paid at a higher rate in a role at a similar level in a competitor organisation
- Where changes in the organisation have led to unjustified pay disparity such as between different departments.

There's no automatic right to a salary increase if the above conditions apply. This will be considered on a case-by-case basis in line with business needs and market conditions.

4. Benefits

NCFE understand and appreciate that associated benefits can support you and your family during your employment. NCFE is committed to providing a range of appropriate benefits and regularly reviewing these to ensure they remain fit for purpose and cost efficient. Details of which benefits are contractual and non-contractual can be found in our Colleague Handbook and individual employment contracts.

4.1. Pension

NCFE offer a pension scheme for all colleagues. Auto enrolment to the scheme will take place on the third month of employment, however colleagues can opt to enrol to the pension scheme on Day 1 of their employment.

4.2. Bonus Scheme / Performance Related Pay (PRP)

Bonus Schemes & Performance Related Pay (PRP) serve as incentive(s) towards the annual delivery of strategic goals, including a focus on KPI's, engagement, customer focussed work, and financial goals. Any Bonus Scheme and/or PRP will also be focussed upon the demonstration of organisational values and behaviours.

Any Bonus Scheme and/or PRP is discretionary and non-contractual. Details of any Bonus Scheme and/or PRP will be announced annually, and information will be provided on eligibility and measures for the relevant scheme at the time of announcement.

5. Governance and Control

Classification level: NCFE Sensitive

Approval status: Board

5.1. Different parties and responsibilities

Date version approved: 15 February 2023		
Approved by:	Executives 15.02.23 People Vision 27.02.23	Register of Decision ref: D181
Next review date:	September 2023	Frequency: Annually
Responsible Manager: Katie Hume – Senior People Business Partner		
Executive Owner: Helen Ketteringham – Executive Director of People Services		
Authors: Katie Wright, Senior People Advisor and Rebecca Cummings, People Business Partner		
Date of Equality Assessment:		

5.2. Change History

Date	Version	Created by	Description of change
January 2023	V1	People Services	Launched Replaces previous Remuneration Policy