**Pay and reward policy**

**This policy shall be reviewed every two years**

**Last review date: 24 May 2018**

**Next review date: May 2019[[1]](#footnote-1)**

1. **Introduction**

At Heriot-Watt University Student Union supporting students is at our core – our stated aim from our Strategic Plan is ‘To build a strong global student community together for your future’ and we see this as meaning that our job is to make sure that our students have the best experience possible while studying at Heriot-Watt University.

To support this aim, we need to be an organisation that continually raises its performance, and in which our people are motivated and inspired to be their best.  Everyone working here should understand the part they play in our organisation and have a clear understanding of how to live and breathe our values.

Central to our success is the ability to recruit and retain colleagues to deliver excellence and achieve the Union’s strategic goals by having a competitive, widely understood and transparent pay and reward structure that attracts talented and skilled people, motivates them to stay and rewards them fairly and consistently.

1. **Reward principals**

The Union is committed to ensuring that everyone is treated as a valued and respected member of the Student Union team. This policy promotes equality and fairness and is in keeping with the values of the Student Union.

* Supportive – we help one another
* Collective – democracy is our foundation
* Empowering – we help people to make their own decisions and lead change
* Respectful – we value and respect everyone
* Fun – we enjoy what we do and help others to do the same

Transparency and clear governance processes (appendix 1) underpin the Union’s approach to reward and recognition along with the following underlying principles.

***Sustainable and affordable***

Rewards need to be sustainable over time and clearly linked to the ongoing success of the Union.

***Valued***

The Student Union values and rewards the contribution of colleagues and we want colleagues to understand and value their reward package.

***Open and fair***

Student Union rewards are transparent and are applied fairly and consistently in line with our Competency Framework.

***Motivating***

The Student Union aims to use reward as one of the drivers to enhance the Unions performance and success. Union and individual performance will determine the level of reward available.

1. **Pay and Reward**

The Chief Executive Officer is responsible for the effective operation, application and review of this and other employee relations policies. The Trustee Board Remuneration Committee has overall responsibility for the purpose, scope and delivery of all policies relating to employment.

***Career staff***

The following rewards packages are available to career staff:

|  |  |
| --- | --- |
| Basic salary | * Pay commences on base rate for the grade unless in exceptional circumstances * The Student Union grade structure was established using Higher Education Role Analysis (HERA) in 2015 and pay set in line with grade. Since then base rate has increased in line with Cost of Living. |
| Performance related pay | * Access to annual performance related pay awards |
| Contractual benefits | * Local Government Pension Scheme * Enhanced sick leave and pay * Maternity/Paternity/Parental Leave |
| Holidays | * 28 or 33 days’ annual leave plus 9 or 10 building closed days (public holidays) |
| Allowances | * Sabbatical officers are entitled to Visa and Council Tax assistance as necessary |

***Casual staff***

Casual staff will receive an annual increase to their hourly rate in line with the National Minimum Wage or the National Living Wage for employees over 25. Team Leaders and Duty Managers receive an enhanced rate that increases in line with National Minimum Wage. At the discretion of their managers, casual staff may benefit from gaining additional national qualifications and rewards linked to the Union and individual performance.

***Sabbatical officers***

Sabbatical officer pay is reviewed by the Remuneration Committee and is not linked the staff grade and pay structure.

1. **Finances**

Each year the student union prepares its annual budget around March-May for the coming financial year. Within the budget there shall be a ring-fenced pot of money specifically to fund the rewards outlined in this policy. This pot shall provide the minimum potential rewards available.

The union Remuneration Committee may decide to increase the amount of money available for rewards at the end of the year. For example, our commercial operations may exceed profit expectations. Alternatively all staff may perform above average and SMT consider it important to provide suitable recognition of the organisations performance. Performance within any one year will not have a bearing on the following years’ reward budget.

The precise breakdown of individual rewards will depend on a number of factors:

1. Individual performance;
2. The size of the annual reward pot; and
3. Organisation-wide performance.

Annual individual rewards are consolidated. This means that the reward given within any one year, together with existing basic salary, becomes the new basic salary amount for that individual in the following year.

1. **Process**

Our '**Developing My Potential**' performance framework helps our organisation to ensure that our people understand what is expected of them, how they are performing and how to develop to reach their full potential.

Our annual planning process is as follows:



Each year, in May, career staff will have a year-end review with their managers which will produce a rating of their performance. Please consult '**Developing My Potential**' for details.

The below process outlines how the Union uses these reviews to determine rewards for career staff. An alternative decision making process is in place for senior managers and the Chief Executive Officer. Please consult the Decisions section of this policy for more information.

***Step 1 – Collation of ratings***

All Managers are required to submit completed '**Developing My Potential**' forms to their Senior Management Team member by the end of May. Senior managers shall collate and prepare for sharing in step 2. The Chief Executive Officer rating shall be included based on his/her performance review with the Trustee Board.

***Step 2 – SMT review***

Senior Managers will map all career staff ratings to create a profile of the organisation-wide performance. Using this profile SMT will be able to determine the percentage awards per performance grade. As a minimum the percentage awards against the profile will total the annual budget set aside for the pay awards. In exceptional circumstances SMT may seek approval from the Remuneration Committee to increase this pot. Appendix 2 demonstrates a potential outcome of this exercise as a guide.

***Step 3 – Remuneration Committee***

The Chief Executive Officer shall prepare a recommendation paper that shall be submitted to the Remuneration Committee for consideration. The Remuneration Committee is a subcommittee of the Trustee Board. The Remuneration Committee will make a recommendation to the Chair of the Board. The Chair of the Board shall review the recommendation and approve. Where the recommendation exceeds the budget approved by the Board the Chair shall refer to the full Board for consideration. The Remuneration Committee will provide a briefing on the generality of the awards at the next Board meeting.

***Step 4 – Communicating decisions***

Senior managers shall inform their departments of the outcome of the Remuneration Committee discussion. Managers should discuss privately with individuals the outcome and their reward, providing a rationale for this decision. This decision must be communicated no later than at the annual planning meetings in August. Pay increases will be effective from 1 September each year.

***Step 5 – Appeals***

Staff wishing to appeal the decision of the Remuneration Committee must do so in writing to the Chief Executive Officer no later than 21 days from the date they were informed of the decision. The Chief Executive Officer shall arrange for the Appeals Committee to consider all appeals as soon as practicable but no later than the next Trustee Board meeting from receipt of the appeal.

The Committee shall be made up of:

* 1 External Trustee, not on the Remuneration Committee
* University Trustee
* 1 Student Trustee, not on the Remuneration Committee

The Appeals Committee decision is final.

1. **Decision making**

|  |  |  |  |
| --- | --- | --- | --- |
| Reward decisions for: | Rating made by: | Award recommendation made by: | Decision made by: |
| Career staff | Line manager | SMT | Remuneration Committee |
| Senior Manager | CEO | Chair/CEO | Remuneration Committee |
| CEO | Chair/Deputy Chair of Trustees | Chair | Remuneration Committee |

1. **Review**

This Policy shall be reviewed annually by the Chief Executive Officer and the Remuneration Committee.

**Appendix 1: Governance structure**

Trustee Board

Career staff

Remuneration Committee

Chief Executive Officer

Senior Management Team

**Appendix 2: Example reward structure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Evidence of unacceptable behaviours**  **Does not meet annual performance targets** | **Some unacceptable behaviours**  **Meets some annual performance targets** | **Effective behaviours**  **Meets most annual performance targets** | **Some outstanding behaviours**  **Meets all/exceeds some annual performance targets** | **Overall outstanding behaviours**  **Exceeds some annual performance targets** |
| 0% | Half of x% | x% | 1.5 times x% | 2 times x% |
|  |  |  |  |  |

*Where x% = the standard percentage on salary award based on overall performance profile; Union performance and planned reward budget*

1. The Policy must be reviewed within 12 months of its passing and then shall be reviewed every 2 years thereafter. [↑](#footnote-ref-1)