

Pay policy

1. Introduction from HEFCW's Chief Executive

HEFCW strives for *Sustainable, accessible, internationally excellent higher education in Wales* and in order to achieve this HEFCW acknowledges that it must be an employer of choice and an exemplar organisation. As Chief Executive, I recognise that as part of these aims, it is important to be open and transparent in our processes and our pay arrangements should be no different.

I wish to ensure that information on how we pay and reward our employees is fully accessible to both staff and the public. We strive for a pay structure that provides both value for money and rewards our staff fairly for the work they carry out, whilst also being conscious of the public purse.

As a Living Wage accredited employer, we also make it clear in our policy the arrangements for senior pay and publish information in our annual accounts detailing these pay levels. This document follows the principles set out within the Welsh Government's guidance on [Transparency of Senior Remuneration in the Devolved Welsh public sector](#) and the subsequent guidance produced by the [Public Services Staff Commission](#).



David Blaney
Chief Executive

2. Statement of policy

- 2.1 This policy applies:
- to employees of HEFCW;
 - to outward secondees, where they remain employees of HEFCW and it is specified in their contract;
 - irrespective of length of service or duration of contract.
- 2.2 All employees are expected to comply with:
- the terms of their Contract of Employment;
 - Performance Development Review procedures; and
 - any other policy or procedure that relates to payment of salaries.
- 2.3 This policy aims to:
- set out the rules relating to the payment of salaries and how changes in salary are applied in various circumstances.
 - support pay arrangements in HEFCW that are equal to all, consistent, transparent, accessible and demonstrate value for money.

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- provide a framework for decision making on pay for all employees, including senior roles, but excluding the Chief Executive.

2.4 As a Welsh Government Sponsored Body (WGSB), HEFCW's pay arrangements must be approved by the Welsh Government. A pay remit is issued by Welsh Government which details the parameters in which pay changes can be applied. HEFCW develops a deal within these parameters, taking value for money and affordability into account, which are consulted on with employees via negotiations with PCS Union (with which HEFCW has a collective bargaining relationship) and subsequently approved by the Welsh Government.

2.5 A summary of HEFCW's general terms and conditions of employment is available in Annex A.

3. Pay principles

3.1 HEFCW's pay arrangement is based on the principles of Consistency, Transparency, Accessibility and Affordability, and this links to the Welsh Government's principles.

3.2 Consistency – pay arrangements are inclusive for all employees and pay must be proportionate to the responsibility and role, with equal pay for equal value roles. HEFCW's job levelling process supports this. HEFCW is committed to undertaking periodically equal pay audits, which includes a review of the policy and its application.

3.3 Transparency – HEFCW has a clear process for employee pay negotiations, which involve the recognised Union. For senior posts, the Remuneration Committee ensures a consistent and rigorous review and details of senior pay are published in HEFCW's Annual Accounts.

3.4 Accessibility – HEFCW support the principle that organisational decisions relating to remuneration in the Welsh public sector should be easily accessible and therefore publish this policy on its website, with an easy access link on its front page.

3.5 Affordability – HEFCW is conscious of spending public funds responsibly and therefore set pay arrangements with this in mind, whilst also ensuring it supports a motivated and valued workforce.

4. Legislative framework

4.1 HEFCW was established in May 1992 under the Further and Higher Education Act 1992 as a non-departmental public body. It receives its funding from the Welsh Government, and is therefore a WGSB.

4.2 The Higher Education (Wales) Act 2015 changed the role of HEFCW, but does not change how the organisation is set up and operates with regards to 'business operations', HEFCW remains as a WGSB.

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5. Responsibilities

5.1 The following responsibilities apply within this policy:

- Employees are responsible for ensuring they are aware of the conditions within this policy and informing their Line Manager and/or HR of any changes or absences that may affect pay. Failure to report absences could result in reductions in pay.
- Line managers are responsible for informing HR of changes or absences that may affect an employee's salary, and obtaining the correct authorisation to implement a change.
- The Chief Executive is responsible for authorising pay changes in line with the policy.
- Directors/ Heads of Team are responsible for approving employee pay changes.
- HR is responsible for applying the rules of the policy when changes occur, ensuring consistent application of the policy and informing Payroll of such changes.
- Payroll is responsible for implementing salary changes.
- Management Board is responsible for agreeing and submitting pay remit applications to Welsh Government for approval.
- Works Council is responsible for negotiations on changes within this policy that affect pay.

6. Pay structure

6.1 HEFCW's pay structure is based on seven job levels. Posts are allocated job levels via the job evaluation process called 'job levelling'. The posts are assessed against a range of criteria and assigned a level. Full details on the procedure is available on the intranet. Individuals are appointed to these levels on successful appointment to a post. The levels are as follows:

| | |
|---------|--|
| Level 1 | Director |
| Level 2 | Head of Team |
| Level 3 | Senior Specialist/ Head of Section |
| Level 4 | Specialist/ Senior Manager |
| Level 5 | Manager |
| Level 6 | Officer |
| Level 7 | Administration/ Technical Administration Support |

6.2 Senior posts within HEFCW is classed as Level 1 Directors together with the Chief Executive, as published in the [annual report and accounts](#).

6.3 The Chief Executive post is subject to separate pay arrangements, as directed by the Welsh Government.

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6.4 The Chief Executive's and Directors' pay and performance are discussed at HEFCW's Remuneration Committee, taking appropriate account of the views of Council members. The role of the Committee is to:

- consider matters affecting the pay of the Chief Executive;
- make recommendations for approval regarding the above to the Welsh Government; and
- apply the pay policy with respect to such other staff as the Council may decide, i.e. the Directors.

6.5 HEFCW recognises the importance of supporting lower paid staff and is an accredited Living Wage employer, which means that the salary bandings fall within the rates quoted by the Living Wage Foundation. Considerations are made for lower paid employees when negotiating pay arrangements.

6.6 Lower paid staff fall within the Level 7 banding of Administration/ Technical Administration Support, and Level 1 Directors and the Chief Executive as detailed above. HEFCW publish a pay relativity ratio between the highest and lowest paid employees in the annual report and accounts.

7. Pay scales

7.1 HEFCW's pay scales are approved by the Welsh Government and are agreed for set periods of time. The current pay scales are available on the [intranet](#) and [website](#) but will not form part of this policy. Annex B details the process for agreeing pay scales.

8. Equality and pay comparators

8.1 HEFCW will periodically review its pay scales for equal pay purposes and compare its scales with the Welsh Government, other WGSBs, other funding councils and the Higher Education sector.

9. Talent management

9.1 HEFCW has learning and development opportunities in place to enable employees to maintain and develop both knowledge and skills. Opportunities for promotion and secondment are advertised within the organisation to ensure equal and fair opportunity for all. All employees have an annual personal development plan, and HEFCW actively encourages cross-team knowledge sharing.

10. Individual pay progression linked to performance

10.1 Progression through the steps within the pay level is determined by an employee's performance. Step increases will be applied in April each year, based on performance ratings. Progression through the steps is as follows:

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10.2 'Improvement Required' rating - they will not be eligible for an incremental increase. Individuals who receive an 'Improvement Required' will be subject to an action plan to improve performance as per the Performance Development Review (PDR) procedures. If by the next interim review the employee's performance has improved to a 'Good' rating, they will be awarded the step increase from the date of the interim review. The Countersigning Officer must approve this prior to the increase being awarded.

10.3 'Good' and 'Exceptional' ratings – will be eligible for an incremental increase to the next step on their level.

11. New Starters

11.1 Salaries for vacant posts are advertised quoting the full pay range, however appointments would normally be at the lower end of the scale. In job adverts it will be made clear what the maximum likely scale of appointment would be, for example, applicants would be appointed no higher than Step 4.

11.2 HEFCW's policy is to appoint to the lowest step at the relevant level and no employee will be paid lower than the minimum step of their job level.

11.3 There may be some cases where individuals are offered the post on a step higher than the bottom of the scale. This would be discussed between the Line Manager and HR and would depend on the individual's level of experience and qualifications and how that relates to current employees in similar roles. Where this occurs, full justification must be provided during the recruitment process, including details addressing any potential equal pay issues or situations where a new employee could be paid more than an employee who has been with HEFCW longer (leap-frogging). Approval from the Head of Corporate Services is required.

11.4 If a new employee joins between 1 October and 31 March they will remain on their appointed salary step until the end of the next performance year. They will then be subject to the same progression arrangements as all other staff.

11.5 Where the probation period is extended and it falls over the end of the performance year, employees are not eligible for a step increase, as detailed in the Probation procedures. A rating would not be assigned as they are being managed under the probation procedures rather than the PDR procedures.

11.6 Once the extended probation period has been completed successfully, a PDR final review should take place and a rating assigned accordingly. If the employee is assigned with a 'Good' rating they will be eligible for a step increase from the date that the probation period was completed. If they are assigned with an 'Improvement Required' they will not receive a step increase.

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12. Promotions

12.1 Where an employee is promoted into a new post, they will be appointed to the nearest step above their existing salary at the level of the new post.

12.2 Employees promoted before 1 January will be entitled to progress through the subsequent year's pay steps in April, subject to their overall performance assessment.

12.3 Employees promoted during the period 1 January to 31 March will move to the new promoted salary step. There will be no further eligibility for a step movement in that performance year.

13. Re-evaluations

13.1 A re-evaluation occurs where an existing post is presented to a job levelling panel and the post is re-evaluated up or down.

13.2 Where an employee occupies a post that has been re-evaluated, the adjustment to their salary will be effective from the date of the job levelling panel meeting.

13.3 Should the post be up-graded, the jobholder will move to the nearest step on the new level. The jobholder will be entitled to a step increase as usual, subject to their final performance rating.

13.4 Should the post be down-graded, the jobholder will mark time (the salary will remain unchanged) for three years. After this, their salary will be adjusted to the nearest step on the lower graded post

14. Temporary promotion

14.1 Where an individual receives a temporary promotion due to a fixed term appointment to a different post, they will be appointed to the nearest step above their existing salary on the level for the new post.

14.2 Implementation of a temporary promotion must be requested by the line manager, approved by the Head of Team/Director and agreed by the Chief Executive. Temporary promotions should normally be for no more than six months. A formal review would be required to extend beyond six months. If the extension is likely to exceed 12 months, further authorisation is required from the Chief Executive.

14.3 Temporary promotion could be considered in the following circumstances:

- cover for long-term absence;
- cover for maternity leave;
- cover for another employee's temporary promotion/ secondment; or
- during periods when the organisation is reviewing its resource requirements and does not wish to fill a vacant position immediately.

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14.4 If an employee is subsequently appointed to the post permanently, they will remain on the same level and step as they were on when the promotion was temporary.

14.5 During a temporary promotion, an employee is entitled to progress normally through the steps subject to their performance levels within the PDR.

15. Additional responsibility allowance

15.1 Where an employee is asked to undertake additional duties within their existing role (not as part of a promotion) they will receive an additional non-consolidated, non-pensionable allowance based on 10% of their existing annual salary. The additional responsibility must be for a minimum of one month and will be reviewed at six monthly intervals.

15.2 The allowance will cease where an employee is absent for more than four continuous weeks from the start date of the allowance.

15.3 Payments for additional responsibility allowance must be requested by the line manager, approved by the Head of Team/Director and agreed by the Chief Executive. Those approving the allowance are responsible for ensuring there is a substantial and continuous additional responsibility.

16. Movement into a lower graded position

16.1 If an employee is moved into a lower grade position, the employee will mark time (the salary will remain unchanged) for three years. After this, their salary will be adjusted to the nearest step on the lower graded post

16.2 Where an employee chooses to apply for a lower grade position in open competition and outside of re-organisation situations, they will be appointed to a step on the same principles as a new starter, effective from date of appointment. A rationale to justify the appointment to the step must be provided.

17. Overtime or Additional Hours payment

17.1 In exceptional circumstances, employees can claim Overtime or Additional Hours payment, however it is expected that the Flexible Working system should primarily be used to manage situations.

17.2 Overtime or Additional Hours payment should not be a regular occurrence or agreed for long periods. If workload demands increase the frequency of overtime/additional hours, a line manager should review staffing levels and/or distribution of workload within their team.

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17.3 General conditions for both are as follows:

- i) must be authorised in advance by the employee's line manager and budget holder, using the Overtime/ Additional Hours form;
- ii) payable only where a minimum of one additional hour is worked each day;
- iii) minutes of overtime worked cannot be accumulated to total one hour during a period
- iv) additional payments above one hour will be made to the nearest lower quarter hour;
- v) a minimum break of half an hour should be taken when six additional hours have been worked on a single occasion;
- vi) payments will be paid monthly in arrears;
- vii) a line manager and employee may agree flexi hours instead of payment for hours worked. This will be on an hour for hour basis.

17.4 Conditions for Overtime:

- i) only available outside the flexi bandwidth (7am – 7pm)
- ii) only applicable to employees within posts at Levels 6 and 7;
- iii) overtime on week days is only payable where the weekly hours have exceeded 37 hours for both full and part time staff;
- iv) overtime will be paid at double time outside of flexible working bandwidth (7pm – 7am), at weekends and on Public Holidays;
- v) travelling time outside of flexible working bandwidth (7pm – 7am), at weekends and public holidays will be paid at double time, subject to employees having worked the full 37 hour week;
- vi) payments are non-pensionable.

17.5 Conditions for Additional Hours payment:

- i) applies to part time employees only;
- ii) applies to any job level;
- iii) additional hours are pensionable;
- iv) paid at plain time between contractual hours and up to 37 hours per week;
- v) where a part-time employee works more than 37 hours in one week, they may be eligible to receive an overtime payment subject to the normal overtime rules;
- vi) where a part time employee is asked to work on a weekend or public holiday, those on pay levels 6 and 7 will be paid at double time, levels 3 to 5 will be paid at plain time.

18. Office work on weekends and public holidays for Level 3 to 5

18.1 In exceptional circumstances, payments may be authorised for employees (full or part time) on pay levels 3 to 5 who are required to work in the office on weekends or public holidays. Payments must be authorised in advance, will be at plain time and will only be made where the employee attends the office for a specific project such as the installation/ maintenance of IT equipment; supervising building work or preparing specific documentation.

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19. Payments for call outs

19.1 Keyholders on the call out list who are called out to attend the office outside normal working hours (7.00 am to 7.00 pm from Monday to Friday) will be compensated by the payment of overtime. The following conditions will apply:

- i) an employee may claim for time spent travelling to and from the building and time spent at the building in response to the callout;
- ii) the normal procedure for claiming overtime should be followed;
- iii) all keyholders in pay levels 3–7 will be eligible to claim overtime;
- iv) all keyholders in pay levels 3-7 will be eligible to claim the standard mileage rate.

19.2 Reimbursement for time should be claimed via the Overtime/ Additional hours form and it made clear that the individual was called out as a keyholder.

20. Voluntary exit, voluntary redundancy and compulsory redundancy

20.1 Should there be a requirement to run any form of severance exercise, HEFCW is bound by the Civil Service Compensation Scheme terms. Such activities must be approved by Welsh Government and supported by a business case, which includes a cost benefit analysis.

21. Calculation of Pay

21.1 The table below details the calculation of pay in the following circumstances:

| | |
|-------------------------------|---|
| Starters | Annual salary/260 |
| Leavers | Annual salary/260 |
| Increasing/decreasing hours | Annual salary/260 |
| Daily rate | Annual salary/260 |
| O/T – hourly rate calculation | Annual salary/52/37 |
| Paid annual leave to leavers | Annual salary/260 |
| Unpaid leave | Annual salary/260 |
| Monthly salary calculation | Annual salary/12 |
| Part-month changes | If every available working day is actually worked during the month, the salary adjustment will be based on 1/12 th |

22. Related documentation

22.1 This policy links to:

- HEFCW's Annual Accounts
- Pay Scales
- Leave procedures
- PDR procedures

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- Sickness absence procedures
- Recruitment and Selection policy and procedures
- Job levelling procedures
- Terms and conditions of employment
- Probation procedures

| Version | Date | Description |
|---------|-----------------------------|--|
| 0.1 | Mar 10 | Initial draft approved by Management Board |
| 0.2 | May 10 | Endorsed by Works Council |
| 1.0 | July 10 | Approved by HR Committee |
| 1.1 | Oct 10 | Amendments following EIA |
| 1.2 | Jan 13 | Amendments in line with new two year pay and grading deal |
| 1.2 | Mar 13 | Agreed by Works Council |
| 2.0 | July 15 | New policy removing scales and references to pay years, addressing equal pay report actions and creating a generic pay policy. |
| 2.1 | 28 Aug 15 | Management Board reviewed policy and requested further work and amendments |
| 2.2 | Oct 15 | Amendments made and policy issued to Management Board for consideration |
| 2.3 | Dec 15 | Management Board feedback with further queries and amendments |
| 2.4 | Jan 16 | Management Board reconsidered amended policy |
| 3.0 | Feb 16 May 16 June 16 | Final amendments made and final draft policy completed. Endorsed by Works Council Approved by HR Committee |
| 3.1 | March 17 | Amended to incorporate changes for transparency of senior remuneration pay, as recommended by Welsh Government |
| 3.2 | July 17 | Management Board approved subject to amendments |
| 3.3 | Dec 17 | Amendments made and presented to Works Council. |
| 3.4 | Feb 18 | Amendments made following feedback from Welsh Government HR via pay remit process |

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Annex A

Terms and Conditions of Employment

Cyngor Cyllido Addysg
Uwch Cymru
Higher Education Funding
Council for Wales

hefcw

The following paragraphs summarise the main terms and conditions of service as they apply at present.

A job description providing a summary of the main purpose of the job and the activities associated with the post together with the main duties is enclosed.

Job descriptions will be reviewed annually as part of HEFCW's performance management process.

Place of work

The Contract of Employment will confirm the place of work.

Hours of attendance

Full Time hours are 37 hours per week, Monday to Friday excluding breaks, such as lunch, tea, coffee and smoking. Part Time hours will be pro rata. At HEFCW's discretion, participation in a flexible working hours' arrangement is available.

Pay and payment of salaries

Salaries are paid monthly in arrears by credit transfer into a bank or building society account that can accept electronic transfers from the current financial accounting system.

Overtime

Administration grades may be eligible for overtime payments.

Travel and subsistence

HEFCW will reimburse staff for the travel and subsistence costs that they actually and necessarily incur on journeys undertaken on its business. Further details are available from the Travel and Subsistence Policy.

Leave

Annual leave for the post with HEFCW will be 30 days with pay, 3 of which must be allocated to the Christmas/New Year shutdown period, as determined by HEFCW. Staff are entitled to 8 Public Holidays per annum with pay. Part time staff have a leave entitlement pro rata to that of full time staff.

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In addition, long service leave of 3 days with pay is added after 5 years' recognised service.

Sickness absence

During the first 3 months of employment statutory sick pay only will be paid for any period of sickness absence. After completing 3 months' service, the entitlement to sick pay is for a maximum of 2 months' paid sickness absence. The first month of any sickness absence will be paid at the normal monthly salary. Any further sickness absence over a further month's absence will be paid at half the normal monthly salary.

After completing 12 months' service the entitlement is to a maximum of 12 months' paid sick pay within any period of 4 years. The first 6 months of any paid sickness absence will be paid at the normal monthly salary. Any further sickness absence over a 6 month absence up to a maximum of 12 months will be paid at half the normal monthly salary.

Any Statutory Sick Pay due would be paid within the maximum of full pay. Social Security benefits for which staff are eligible will be subsumed within the limit of full pay. These entitlements will be pro rata to the hours worked for part time staff.

Pension arrangements

The appointment is pensionable from the outset. Employees are entitled to join the Civil Service Pension Scheme and full details can be found at <http://www.civilservicepensionscheme.org.uk/>

Retirement

In line with legislation, there is no default retirement age. Please refer to the Retirement policy for further details.

Partnership agreements

There is a collective agreement, with the PCS Union, which directly affects the terms and conditions of employment.

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Annex B

Pay process

