

Title	Pay Policy
Date drafted / re-drafted	September 2014
Rationale for introduction / update	New
Review date	May 2016 <i>Updated following decision to not prevent staff that receive partially met rating not being awarded an annual increment and staff that receive exceeded rating being awarded non-pay benefits.</i>

Pay Policy

Introduction

The Pay Policy has been developed to replace the Reward Strategy that was approved by the Executive Committee of the Board in April 2008, which included a proposal to re-benchmark salaries after four years. The Foundation is taking the re-benchmarking exercise as an opportunity to also improve transparency and update the strategy into a formal Pay Policy. The policy outlines the basis by which the new pay scales have been developed (how pay scales were formulated, how grades were determined, how annual pay reviews will be undertaken, etc.).

1. Policy statement

Fairtrade Foundation believes that to have greater impact for producers and make trade fairer, our employees are key to making that happen, so our pay principles reflect that. Our pay philosophy isn't dissimilar from what we want from fairer trade practices - We believe in the pay of our staff being fair, transparent, competitive and sustainable.

As a charity, we believe it is important to pay & reward our staff fairly and competitively within the Charity sector, and at the same time ensure that we remain prudent and guarantee our wage bill is sustainable both now and in to the future.

Basic pay is only one aspect of the total reward package, and the pay policy focuses on this aspect. The reward package offers a range of broader benefits, the development of employees and a positive work environment ensuring a balance between work & life.

This policy covers all permanent and fixed-term employees, whether full-time or part-time.

This policy takes into consideration equal opportunities legislation.

2. Remunerations Committee

The Remunerations Committee (RemCo) consists of up to three Board members plus a specialist HR expert. It has overall responsibility to set remuneration, with associated terms & conditions of employment, for all staff of the organisation.

3. Trade Union

Fairtrade Foundation is a unionised organisation and we recognise the union for collective bargaining. A collective agreement is in place between Fairtrade Foundation and Unite, which states that the Charity will negotiate with the Union on salary & remuneration terms & conditions. This means that for pay negotiations, management representatives and union staff representatives meet to form the Joint Negotiating Committee, who negotiate to reach pay settlements. The negotiations usually take place between March and June each year, with new salaries taking effect from 01 July each year.

4. Job evaluation

The Foundation uses the widely known and respected Croner Job Evaluation system, which is commonly used in the charity sector. The system works by marking each job against 10 factors. Each of these factors has a different number of levels depending upon the difficulty/responsibility. At the end of the assessment/evaluation, each job receives a total score that is indicative of the 'size' of the role relative to others within the organisation.

Posts are evaluated/re-evaluated by a panel consisting of at least one HR representative and one Trade Union representative (that have received Croner job evaluation training). The grade is then confirmed by the Director of HR & Organisational Development or HR Manager. Any appeal against the result of the job evaluation, which we expect only exceptionally, is undertaken by the Director of HR & Organisational Development or Chief Operating Officer. The decision at appeal stage is final.

The decision to re-evaluate a job is made by the HR Manager or Director of HR & Organisational Development as a result of significant changes to a job description & person specification.

5. Pay scales

We aspire to set starting salaries at the median market rate (as defined by Croner, in relation to comparable charities in London). We want to be up there amongst our peers and be seen to be a serious option by good quality candidates. We do however recognise the tension between market forces and our ideals and principles as a Charity focused on poverty alleviation through trade. As such we will aim to keep the ratio between the highest and lowest salaries to as low a level as we believe we can to balance the above factors. As a cap we will ensure that our pay ratio remains less than 5:1 (i.e. highest salary being no more than 5 times more than the lowest salary).

We are committed to paying the 'London Living Wage' (the cost of living award) for all of our paid posts, so far as this is within the financial resources of the Foundation.

New staff will be appointed on the first point of the salary range. On occasions, and with the approval of the relevant Director and Director of HR & Organisational Development, a decision can be made to appoint the candidate on the second point of the salary range if an individual has particular skills/experience/qualifications that justify a higher starting salary. Consideration may be given to the implications of offering a higher salary and start pay should be governed by:

- Value for money;
- Consistency in application; and
- The potential impact on other staff in the same pay range.

When using this discretion managers and HR must also consider:

- The skills and/or experience that the individual has, in particular the extent to which the individual has already demonstrated that they can perform at the level of the role;
- The candidate's existing salary and benefits package;
- The performance of the candidate at interview relative to the other applicants; and
- Seek approval from the budget holder that the business can afford the higher starting salary.

A documented audit trail must be produced and kept by the manager detailing the reasons behind any decisions to offer a higher starting salary, justifying the decision and setting out how the individual meets the criteria. It must also include written approval from the budget holder. A copy of all relevant documentation should be placed on the employee file.

We recognise that there are occasions when a candidate does not quite meet all of the essential criteria¹ of a job, but would be considered a strong appointment. We therefore have the option of a 'development' grade, which is set at 97% of the normal starting salary. At the end of the probation period, if expected progress has been made, then the employee will be moved to the normal starting salary. We are hopeful that this will encourage more internal applications for vacancies and support career development within the organisation. The use of development pay needs to be approved by the Director of HR & OD, or HR Manager, and requires a clearly articulated development plan to be drafted.

It is intended (within the financial resources of the Foundation) that staff will progress through the salary range each year on 1 July based on the following:

- Being in post by the first working day of that calendar year.
- Receiving a performance development review of partially met, mostly met, fully met, exceeded or exceptional that year.
- Not having a live disciplinary warning on file.

The salary increase, based on moving up the pay range, is paid once the cost of living award has been negotiated.

Staff that receive an exceptional performance development review rating will receive a one-off non-consolidated payment of £1,000 (gross). The payment is made at the same time as the annual increment and cost of living awards are made. The exceptional rating needs to be approved by the Senior Management Team.

The benchmark data from Croner includes London weighting. All Fairtrade Foundation salaries are therefore inclusive of London Weighting unless otherwise indicated. Staff that are contracted to work full-time from home will have £3,000 (pro rata for part-time staff) deducted from their salary in recognition of not being entitled to London Weighting.

6. Annual cost of living pay reviews

Cost of living pay reviews take place annually, with changes effective on 1 July each year. If pay negotiations are not concluded by the end of June each year then implementation will take place as soon as agreement is reached. Changes to pay will be backdated to 1 July.

Cost of living awards are based on an average of RPIJ (in June that year), CPI (in June that year) and the Croner Pay Settlement Forecast (in April that year).

If the resulting figure for the Cost of Living award is either not affordable for the Foundation or might result in significant morale issues for staff, then JNC negotiations will re-open.

Staff who have left employment before the salary increment and cost of living award decisions are implemented will not be entitled to any backdated salary increase.

¹ It is not uncommon for candidates to not meet all aspects of the essential criteria, but they can often be reasonably expected to develop these skills in a short period. If the development however is likely to take a number of months and will require support (training, coaching, etc.) then an appointment on a development grade is more appropriate.

7. Benchmarking

To maintain an awareness of pay trends and remain competitive within the charity sector, salaries will be benchmarked every 3 years. The benchmarking will be undertaken by an external consultant appointed by HR, with the pay data drawn from the Croner Reward database.

8. Market premiums

Some specific technical specialisms can command a market premium. A market premium will only be considered if there has been recruitment and/or retention difficulties and benchmark data from Croner confirms the need for a market premium. The decision to pay a market premium will need to be supported by the Director of HR & OD and be approved by the Remunerations Committee.

Market premiums will be shown separately from basic salary, but will be consolidated for the purposes of pensions. Market premiums will be reviewed annually at the time of the Pay Review and may increase, decrease or be removed at that time.

9. Acting-up

If a person “acts up” in a more senior role for a temporary period of time, they will be paid an appropriate additional amount (normally the ‘development’ salary of the appropriate grade) for the duration of the “acting up”. The decision to offer the opportunity on an acting-up basis can be made by the Director of HR & OD or HR Manager and will be based on the opportunity being on a higher grade, for a period between 1 and 6 months and offering the employee an opportunity to expand their skills/knowledge/competence.

10. Payment of salaries

Annual salary together with any annual pay related allowances are paid in 12 instalments. Entitlement to salary accrues on a daily basis payable on the 15th of the month, and is for the full calendar month. Payment will be made by automatic bank transfer directly into the employee’s bank or building society account.

The Foundation reserves the right to require employees to repay any losses either by deduction from salary or any other method acceptable to the Foundation during the course of employment, as a result of losses sustained in relation to the property or monies of the Foundation, or of any client, visitor or any other employee, caused by your wilful misconduct or dishonesty. The Foundation will also require employees to repay any monies in the case of overpayment of any remuneration or any other payments (statutory, discretionary, contractual or otherwise) made by mistake or through any misrepresentation or otherwise.

The Foundation reserves a right to withhold payment or deduct from salary a day's pay for each day of unauthorised absence. Unauthorised absence shall be absence not approved or absence taken otherwise than in accordance with the procedures laid down in Contracts of Employment or the Foundation’s policies and procedures.

Should an employee leave the Foundation without giving the required notice or during the notice period without the Foundation’s permission, the Foundation reserves a right to deduct the equivalent of a day's pay for each day not worked during the notice period. This may include deduction of wages accrued, holiday pay or other monies due to you.

The Foundation reserves the right to deduct from an employee's salary, or require an employee to pay back, any outstanding loan or debt to the Foundation. This includes any travel loan or course fees.

11. Related documents

- Fairtrade values
- Benefits brochure (*in development*)
- Recruitment & Selection Policy & Procedure
- Salary ranges
- Collective agreement