



# ROBERT GORDON UNIVERSITY ABERDEEN

## Senior Manager Pay Policy

<b>Approved by</b>	The Board of Governors (via Remuneration Committee)		
<b>Date approved</b>	November 2016	<b>Status</b>	Approved
<b>Policy owner</b>	Director of Human Resources	<b>Impact assessed</b>	Yes
<b>Version</b>	2	<b>Date of next review</b>	January 2020

**Context:**

The University has strategic priorities and goals. Our overall reward strategy and the related policies, that will support it, will be key drivers in achieving those goals.

**Policy Objective:**

To ensure we are able to recruit, retain & reward high performing senior leaders/managers in order to achieve our strategic goals.

**Policy Scope:**

This policy applies to all positions designated as 'senior managers' which, for the purposes of this review and report, includes those currently titled as such and which are confirmed as continuing at that level by virtue of the Hay score:

- Principal & Vice Chancellor
- Deputy Principal & Vice-Chancellor
- Vice-Principals
- Dean of Student Recruitment
- Directors of Functions, Heads of School and Department
- Equivalent positions designated as senior managers
- Equivalent positions on personal contracts

This policy replaces the previous policy approved with regard to this matter.

**Underpinning Principles**

In addition to the principles set out in the wider Reward Strategy there are some additional principles that are especially relevant to senior roles:

- Our senior leaders and managers especially are role models for the current and future generation of university leaders. In this context how a leadership role is performed is as important as what is delivered. The performance of our senior leaders and managers will therefore be judged and rewarded on both dimensions.
- Achievement of our goals over the period of the business plan calls for successful outcomes in the short term that contribute, in a focused way, to longer term outcomes. Reward for senior leaders/managers will reflect both short and long term goals and achievements.
- All senior managers shall have agreed personal objectives and targets that align with the university strategy. Performance against these targets and performance more generally will be appraised annually with at least one mid-year review of progress against plan. In addition personal development plans shall align with university strategy and the objectives/targets to be achieved
- It will be important to ensure optimum transparency within the bounds of public interest, commercial interest, confidentiality and data protection requirements. The governance arrangements

agreed by the Board, in respect of (i) the operation of Remuneration Committee and the Board and (ii) publication of senior pay arrangements, are the fundamental components in ensuring an appropriate level of independent scrutiny and proper approval of policy, pay practice & individual pay/awards.

## **Reward Policy**

It is our policy to reward our senior staff, for performance in their role, through a combination of base pay and benefits that are competitive. Additionally we will recognise performance that delivers the university's goals through a mix of short and long term performance based rewards. The reward system shall comprise:

- Competitive base pay band and benefits for the role.
- Reward for University performance ('gain-share').
- Reward for performance by pay position that takes account of both the level of assessed performance and existing position within the market for that role. The performance element being initially non-consolidated.
- Reward for consistent and sustained longer term performance through consolidation of all or part of the non-consolidated element after three years.
- Recognition & reward through the arrangements set out in the wider reward strategy, accepting that great leadership, appropriate behaviours, right attitude, energy, innovation & enterprise are core expectations of all senior roles.

## **Reward Policy in Practice**

1. University policy is that senior roles will be positioned within a pay band, according to the size of the role using the Hay methodology.
2. The pay range (max. and min.) for each pay band will be determined by reference to the 80-110 percentile of the median for I&SS (Industry and Service Sector\*) pay data excluding London. I&SS pay data will be updated annually. [\*The validity of the I&SS data will be benchmarked annually against the UCEA senior staff survey data and available 'Aberdeen' data to ensure that it is appropriate for the range of roles we have or expect to have and provides sufficient headroom. Additionally, the Principal's remuneration will be benchmarked using the annual CUC – Committee of University Chairs - survey]
3. On the advice of the Principal, the Remuneration Committee will consider annually the appropriateness of the pay bands by reference to (i) institutional affordability (ii) inflationary indicators (iii) pay awards for staff in other pay grades (iv) movement in the I&SS base data.
4. In the event that a whole pay band is adjusted upwards in value, the pay position of all staff in that band shall be adjusted upwards by the same value.

5. *New appointments* will be to the pay band for that role, with pay positioning normally at the minimum or the lower end of the band, according to a range of factors including:
- market value for the role
  - role holders 'fit' – knowledge, skills, experience and attitude etc.
  - performance in a previous role, if relevant
  - present salary
  - relativities between the role and other roles in the same band

From time to time particularly experienced or 'scarce' role holders may be appointed at a higher level in the band, reflecting market value.

Similarly, where an appointment is made to a role but in a 'developing' capacity, the appointment may be below the minimum for the pay band but with an agreed plan for how the 'developing' appointee will reach full effectiveness in the role and, with that, enter the band for the role.

6. After initial pay positioning, within a pay band, progression shall be by reference to evidence of personal performance, assessed against an agreed performance/pay matrix, having regard also to the market for the role.
7. Pay increases which reflect personal performance shall be non-consolidated for three years. Provided that annual performance review, at the end of year three, confirms that the level of performance - which that level of pay reflects - has been sustained, it will then be consolidated.
8. In the event that the relevant level of performance is not sustained, the pay element that has previously reflected performance may be varied downwards, in whole or in part.
9. Exceptionally, non-consolidated performance awards may be made for one-off performance/achievement, 'above and beyond the call of duty' and which has delivered particular impact and outcomes relevant to its strategic goals and agreed priorities.
10. Where the market for a job is such that it cannot fit into the pay range set by reference to its Hay points, a market addition may be separately applied (called 'attraction and retention premia'). Similarly, from time to time, the same arrangements may be made for retention purposes. Such premia will be reviewed and re-validated every two years.
11. Performance reviews/outcomes shall be reported through Remuneration Committee with pay recommendations annually, in accordance with the governance arrangements agreed by the

Board. Individual pay increases, endorsed by the Committee, shall be reported to the Board for approval.

12. The continuing appropriateness of the pay policy and practice will be reviewed annually by Remuneration Committee and the outcome shall be reported to the Board. In addition a formal and full review of senior manager pay arrangements shall be undertaken not less frequently than every five years.
13. The Director of Human Resources has responsibility for advising on arrangements to ensure, so far as is possible, consistency of application and appropriate moderation where unexplained variances arise.