

Revision History – this document was amended on:

Revised by	Summary of Changes	Revision Date	New Version
Ioannis Tsoikas	Amended before Working Group Meeting (04/04/11)	01/04/11	0.1
Ioannis Tsoikas	Working Group meeting (04/04/11) amendments	04/04/11	0.2
Ioannis Tsoikas	Saul/USS vacancy savings (Definition of Terms, School Savings)	12/7/11	0.3
Ioannis Tsoikas	Working Group meeting (15/09/11) amendments	07/10/11	1.0
Ioannis Tsoikas	SDR replaced by Budget Process	05.11.13	1.1
Andy Gladin/Ioannis Tsoikas	Sections Amended: Definition of Terms, 1, 2,3, 4, 5, 9. Annex 1, 2, 6, A	14.02.14	1.2
Ioannis Tsoikas	Sections Amended: Definition of Terms, 1, 2, 3, 4, 5, 9, 10. Annex 2, 3 and 6 (MSL Instructions)	30.09.14	1.3
Ioannis Tsoikas		29/06/15	1.4
Planning Meeting 26.10.15	Sections Amended: Definition of Terms, 2 and 6.b	30.11.15	1.5
Signed By: Name	Signed By: Signature	Signing Date	Version
Mike Ferguson			1.5

Rules Surrounding Cash Based Pay Budgets

The purpose of this document is to provide a set of rules surrounding the Cash Based Pay Budget (CBPB).

Definition of Terms:

- **Service Leader:** Is an employee designated by the School as the Budget Controller for the Cash Based Pay Budget for the following units in the School; Academic and Professional Development (APD) Division, Academic Registrar's Division (ARD), LSE Advancement, Communications Division, Directorate, Estates Division, Finance, Governance, Legal and Policy Division, Human Resources

Division, Information Management and Technology (IMT), Library, Planning Unit Division, Equity Diversity & Inclusion Unit, Research Division Language Centre and LSE Careers.

- Cash Based Pay Budget: Is a budget controlled by Service Leaders which presents and documents all approved staffing costs.
- Establishment: The Establishment is a list of posts in a budgetary area, either filled or vacant, which are formally agreed by APRC. Changes to the list that require the net addition of resources will require approval through the Budget process. Establishment Forms (CBPB1) are managed and maintained by the Planning Unit.
- New Posts: Are posts which are added to the Establishment through the Budget process, the unbudgeted expenditure process or by direct allocation of resource by Finance Committee via APRC.
- Financial Planning & Analysis Manager (Pay Costs): Is the Finance Division employee responsible for producing salary forecast information for each service area and providing Cash Based Pay Budget support and advice to the Service Leaders.
- Pay Award: Is the annual percentage pay increase which increases all spine point salary's by the designated percentage amount.
- Contribution Pay and promotions budget¹: The budget approved by Finance Committee to fund recurrent and non-recurrent awards and promotions. Promotions and Awards proposals are reviewed by Remuneration Committee and its sub-committees
- Market rate supplements: A time limited addition to salary, reflecting the current market value of a specialist skill or subject area. It must be approved by HR and the Finance Director before the recruitment process begins.
- School Savings: A reduction in assumed levels of pay award (which is a change in budgetary assumptions, not a change in actual costs) is a School saving. In the same way, an increase in costs owing to a change in budgetary assumptions would not belong to the Division, but to the School. To avoid creating any budgetary incentives to discourage pension scheme membership any savings generated or costs incurred when a member of staff decides not to join or leave SAUL/USS will be classified as School savings or costs and the Divisional Vacancy Savings will be adjusted accordingly. Budgets and forecasts will assume that all vacancies will be filled by appointees who opt to join the appropriate scheme at the point of appointment
- Divisional Vacancy Savings: The difference between the budgeted amount for a post and the actual costs generated for that post during a financial year (savings created from posts being vacant, starters appointed lower than 2 spine points above the bottom of the scale, etc.) net of any School Vacancy Savings

¹ There is a budget for contribution pay (lump sums and increments); an allocation to cover promotions; and a Recruitment and Retention Allocation for exceptional R&R packages, including new awards of market supplements.

1. General

- a) Each relevant unit is allocated a pay budget by Council to fund the approved Establishment of staffing. Service Leaders will receive confirmation of its composition prior to the start of each financial year, (1st August) for the forthcoming 12 months. The division's budget will be devised by calculating the salary cost of each employee, based on each member of staff's salary spine point (incremental increases are taken into account by the model). This budget will be used to fund the establishment which is agreed between the Service Leader and the Finance Division, in consultation and agreement with the relevant DMT member. Each year the budget for each post will be automatically increased by the agreed pay award.
- b) The information will be kept on Excel spreadsheets on the P drive and will be accessible by the Service Leaders and the relevant staff in Finance and Planning:
 - i. Planning will have write access to the Establishment forms (CBPB1) and will be responsible for maintaining and updating them. CBPB1 forms will be updated on a quarterly basis in consultation with Finance. Finance will have read access only. Service Leaders will have read access to the appropriate division. Planning will be responsible for maintaining and updating the Establishment, with regards to the post, whereas Finance will maintain and update information relevant to the post holder
 - ii. Finance will have write access to the CBPB spreadsheets. Service Leaders will have read access to the appropriate division.

Security access for the Establishment forms will be granted by Planning Unit. Finance division will provide security access to the CBPB spreadsheets.

- c) The Service Leader has overall responsibility for the Cash Based Pay Budget and cannot delegate it. The Service Leader remains accountable for all the spend on their budget, as well as the security and confidentiality of the data sent to them. *This is a major change in the responsibility of the Service Leader, who previously was only responsible for the overall MSL balance in the 5 year planning cycle (Financial Regulation C2.4).* All reports and P drive access will only be sent/granted to the budget controller; further delegation and circulation is the responsibility of the Service Leader.
- d) The Finance Division will provide monthly analysis, within 8 working days of the financial month closing. This will contain year to date actuals, a forecast of expected spend to the year end, year to date divisional vacancy savings, actual and forecast "Other Costs" (detailed in section 4) and post by post comparisons with the budget. (Annex 1 shows an example of the spreadsheet to be distributed).
- e) Every second month meetings between Service Leaders and the Financial Planning & Analysis Manager (Pay Costs) will allow the salary forecast to be kept up to date and ensure that the unit remains within the budget for the year. More regular meetings can be arranged at the request of the Service leader.

2. Appointments

- a) The Cash Based Pay Budgets will provide an entry for each full-time or fractional salaried member of staff who has a permanent or fixed-term appointment and is funded centrally by the School. Any employee that is funded from other budgets may be included on the Establishment, with the agreement of the Director of the Finance Division, resulting in the other budgets being decreased by the cost of the employees moved on to the Establishment if they are recurrent.
- b) Where vacancies arise, and before a post can be advertised HR/Service Divisions should seek a 1st Fund Check (Establishment) from Finance in order to confirm that the provided post grade, title, spine point, start date (where applicable) and FTE are consistent with the establishment listing. After the successful candidate is identified and before a contract is sent HR should seek a 2nd fund check as per section C13.1 “Appointing staff” of the Financial Regulations . Details of the process are diagramed in Annex 2.
- c) Automatic replacements for leavers or retirements will be included in the calculations. It is the responsibility of the unit to inform Finance if the post is not to be replaced. If the funds are required for a different position then the division must follow the guidance in section 6.
- d) Posts that are vacant when the establishment is approved for the year will be allocated a budget 2 points above the bottom of the salary scale (reflecting current HR policy). Any savings achieved by the division (placing the starter on the bottom 1.5 spine points in the band) can be used by the division to meet other staffing needs. Any proposal to appoint above the bottom two points of a salary band or a market supplement will require written approval from HR before any oral or written offer is made to a candidate. Failure to observe this rule will be treated as a breach of the financial regulations as a financial commitment in excess of the budget will have been made.
- e) Employees appointed above the bottom 2 spine points will need to be funded by the service area. Market rated supplements, if officially approved by HR, will be added to the unit’s budget, and funded from the central Recruitment and Retention budget.
- f) *Under the MSL system a unit is required to have funding for a post for 5 years.* Under the CBPB if sufficient funding is not available for an appointment then the request will be referred to the Finance Division who will follow the appropriate steps designated in section 6.
- g) Before a post is filled and only if there are significant changes to the job description and person specification needs to be passed to HR for grading. If the grading is higher than the establishment grade the advice of HR should be sought.

3. New Posts

- a) All applications for extra staffing require the unit to define a specific post title during the Budget process. If agreed, this post will be included on the unit’s establishment.

For clarity and consistency the unit should use the same post title agreed through the Budget process when completing recruitment documents.

- b) Funds for New Posts will not be released until a post is appointed. Divisional vacancy savings will exclude any savings generated from New Posts.
- c) Funds may be released for New Posts when short term staffing arrangements are in place to cover work while recruitment is in progress. Any such request should be made to the Financial Planning & Analysis Manager (Pay Costs) to approve the release of these funds.
- d) If a New Post remains unfilled for more than 6 months from the agreed start date, the unit will be contacted and asked for comment about the resourcing needs. A report will be regularly produced by the Finance Division for DMT and Finance Committee detailing all New Posts which have been approved but not filled.

4. Hourly Paid Staff / Temp Costs / Overtime

- a) Each unit will be allocated a budget for “Other Costs” (to set out costs detailed in Annex 4), which requires agreement through the Budget process. The size of this budget will be determined by the individual factors affecting a division, i.e. the seasonality and nature of the work performed. All units are required to make a case annually for “Other Costs” required as part of the Budget process. It will be assumed that if no case is made there will be no changes to the “Other costs” budget for future years.
- b) The “Other Costs” budget will be combined with the Cash Based Pay Budget calculated from the establishment to form the overall pay budget for the year for the division. As budget controller the service leader will be responsible for the “Other Costs” budget, ensuring that the total Cash Based Salary Budget is not overspent.
- c) If an establishment post is not filled in a year or a proportion of the year (creating vacancy savings) the savings can fund “Other Costs” to cover the work normally completed by the vacant post. The simple example below shows how this process would work. Miss D’s position is vacant for the year and the funds are spent on additional hourly paid staff and overtime:

Post	Name	Budget	Actual
a	Mr. A	10	10
b	Mrs. B	10	10
c	Ms. C	10	10
d	Miss. D	10	0
e	Dr. E	10	10
f	Prof. F	10	10
g	Sir. G	10	10
		70	60
Other Costs:	Hourly Paid	5	10
	Temps	5	5
	Overtime	0	5

	10	20
Total	80	80

- d) Divisional vacancy savings will be clearly identified in the monthly salary forecast. Upon request the Financial Planning & Analysis Manager (Pay Costs) will provide a breakdown of the total vacancy savings available per month (e.g. post title, employee names, etc.).
- e) To ensure that “Other Costs” are updated in a timely manner it is important that Temp invoices are passed to Accounts Payable in the week that they are received to ensure that they are efficiently reflected on the cash based pay budget spreadsheet.
- f) All agency temp staff must be booked via HR. When booking temp staff please ensure the correct funding code is specified and also alert HR to any subsequent changes. HR will check that appropriate funding is available for the duration of the temp assignment.

5. Special Leave and Staff Absence

- a) Any unpaid leave granted to an employee will permit the unit to spend the leave period savings on staffing to cover the leave. This can be in the form of a secondment replacement, acting up allowances, a fixed term contract, payments of “Other costs” or a combination.
- b) The actual cost of a member of staff on maternity or sick leave will be included in the unit’s forecast spend for the year. The division can request assistance with additional costs required to recruit temporary replacement staff from the Sickness and Maternity Contingency fund. Funds are only normally available where other funding within the service area is exhausted.
- c) If members of staff are absent on secondment the organisational unit saves their costs and is free to spend the savings to cover the work.
- d) When a member of staff is absent through long-term sickness or on maternity leave, the forecast will be amended to reflect any reduction in cost.
- e) Where Statutory Maternity Pay (“SMP”) is payable, 92% of the net SMP paid can be recovered by the School from HM Revenue and Customs. This will appear as a reduction in cost for the employee involved on the face of the Cash Based Pay Forecast.

6. Promotions and changes to the approved Establishment

As detailed in section 1, the Establishment represents a budget approved by Council. Any change to staffing (promotions, additional or discretionary increments), changes in working hours, that creates additional cost requires an appropriate budget to pay for it. As a consequence of this constraint care should be exercised by Service leaders when considering re-organisations or revisions to job descriptions to ensure that the budget to fund any resultant additional costs has been identified and approved. The

Financial Planning & Analysis Manager (Pay Costs) will aid the unit in producing the financial analysis and associated business case necessary to support this.

A change that does not have an effect on this year's budget could have a detrimental effect over the planning period (5 years) and therefore not permitted. Service Leaders must seek advice from Finance before any decision is made. Divisions that fail to do so might have funds clawed back from their other costs budget over the planning period (5 years)

a) HERA Promotions

- i) Given that all academic support posts have now been assessed through the HERA job evaluation process, in broad principle a re-grading will only now occur through restructuring of work where new duties are being undertaken by an individual. In those cases, where extra resources are required to support a re-grading, this will need to be agreed through the Budget process and supported by resources allocated by APRC for that purpose or from the Discretionary awards and promotions budget.
- ii) Before a post (or posts) is modified and re-graded by HERA the Service Leader should, with the assistance of the Financial Planning & Analysis Manager (Pay Costs), identify and secure approval of the budget or Budget allocation that will meet any cost implications.

b) Restructuring/Re-organisation

- i. Any proposed changes to the composition of the Establishment (which are not individual promotions) resulting in an increase in cost should be detailed and requested in the Budget process.
- ii. If unfilled New Posts are not affected by the suggested re-organisation the Director of the Finance Division can approve the proposed changes.
- iii. Divisions under Professional Service Division Review are not permitted to carry out any restructures/reorganisations during the review process without first consulting the Chair of their review panel and the VC-APRC. Units being reviewed in 2015-16 are HR and IMT. Note: In future editions of these rules any Divisions reviewed in prior years to the current year that are still subject to this rule will be listed here.

c) Contribution Pay

Contribution pay (whether lump sums, accelerated increments within the standard range of a salary band or additional increments within the contribution range) are currently awarded through a collective competitive process and funded from a separate budget. Where awards are made they will be accompanied by a transfer of budget from the Contribution Pay budget to the service area's CBPB.

d) Transfer of Post between Divisions

Because transferring resources from one Division to another can have future resource implications, Divisions that are planning to transfer/receive posts to/from other areas will have to provide a business case providing detailed information on how the

transfer will affect current resources and any implications the move is expected to have on future resources requests. The business case should be sent to the Financial Planning & Analysis Manager (Pay Costs), in the first instance, before any decisions can be made.

7. Premature retirement, voluntary severance packages and arrangements relating to annual leave for leavers

- a) In accordance with the Financial Regulations proposed premature retirement and voluntary severance packages require approval of the Directors of HR and the Finance Division. Budgetary implications of severance proposals must be properly understood. The Financial Planning & Analysis Manager (Pay Costs) will assist in the preparation of such a business case as required. The one-off costs of premature retirement or voluntary severance packages will ordinarily be charged to the organisational unit's Cash Based Pay Budget. If insufficient funds are available to cover the cost and allow the normal operation of the unit it will be met by the central budget.
- b) Leavers are entitled to annual leave on a pro-rata basis in the year in which they leave which will be reflected as follows:
 - i) If a leaver has untaken holiday paid as a lump sum this cost will be reflected on the Cash Based Pay Budget.
 - ii) If a leaver has taken more holiday than entitled they will be charged the element of leave that exceeds their pro-rata entitlement. This will result in less spend showing on the Cash Based Pay Budget.

8. Carry forwards

- a) Cash based pay budgets will be operated in a manner consistent with non-pay budgets and documented in Financial Regulation C2.6.
- b) Virements from non-pay budgets into CBPB are not allowed.
- c) If money is unspent due to a timing difference or if there is some other legitimate reason for carrying forward budgets, e.g. a fixed term contract starting late, a written case, including specific details, costs, reasons for delays and start dates, should be submitted to the Director of the Finance Division by the 31st of August for approval (Financial Regulation C2.6 *“At the year end, Budget holders normally do not have the authority to carry forward a balance on their budget to the following year, unless the Director of Finance and Facilities has approved a specific scheme for carrying forward all or part of unspent amounts. Request for approval for carry forward will require detailed plans for the proposed use of the balances and should be made to the Director of the Finance Division by 31 August.”*)

9. Year End Arrangements

Due to the fact that forecast is distributed 15 days after the payroll is posted, June's vacancy savings will be known by the 15th of July and July's vacancy savings by Aug 15th. In order to remedy this problem Divisions will be allowed to carry forward any unspent Jun-Jul vacancy savings (which were generated in June or July) to the next financial year (only if they show a full year underspend). The Jun and July savings cannot exceed the total underspend and can only be used in the next financial year.

10. Virements

- a) Organisational units may vire the lower of unspent pay budget up to a maximum of 10% or £20,000 of their budget allocation to departmental kitties or similar non-pay cash budgets, detailed in Financial Regulation C2.5. Annex 5 shows suitable virement expenditures.
- b) Under CBPB Finance will be responsible for managing virements. Virements should be requested to a member of the Financial Planning and Analysis team, via the CBPB3 form, who will action the request if it meets the criteria in the Financial Regulations.

11. Pay Awards and Employer Taxes

- a) Council approves the budget for the forthcoming financial year in June. At this time the pay award may not be finalised.
- b) When the pay award is not settled at the start of the year an adjustment will be made to ensure that divisional vacancy savings exclude school vacancy savings.

Dummy Division - Annex 1

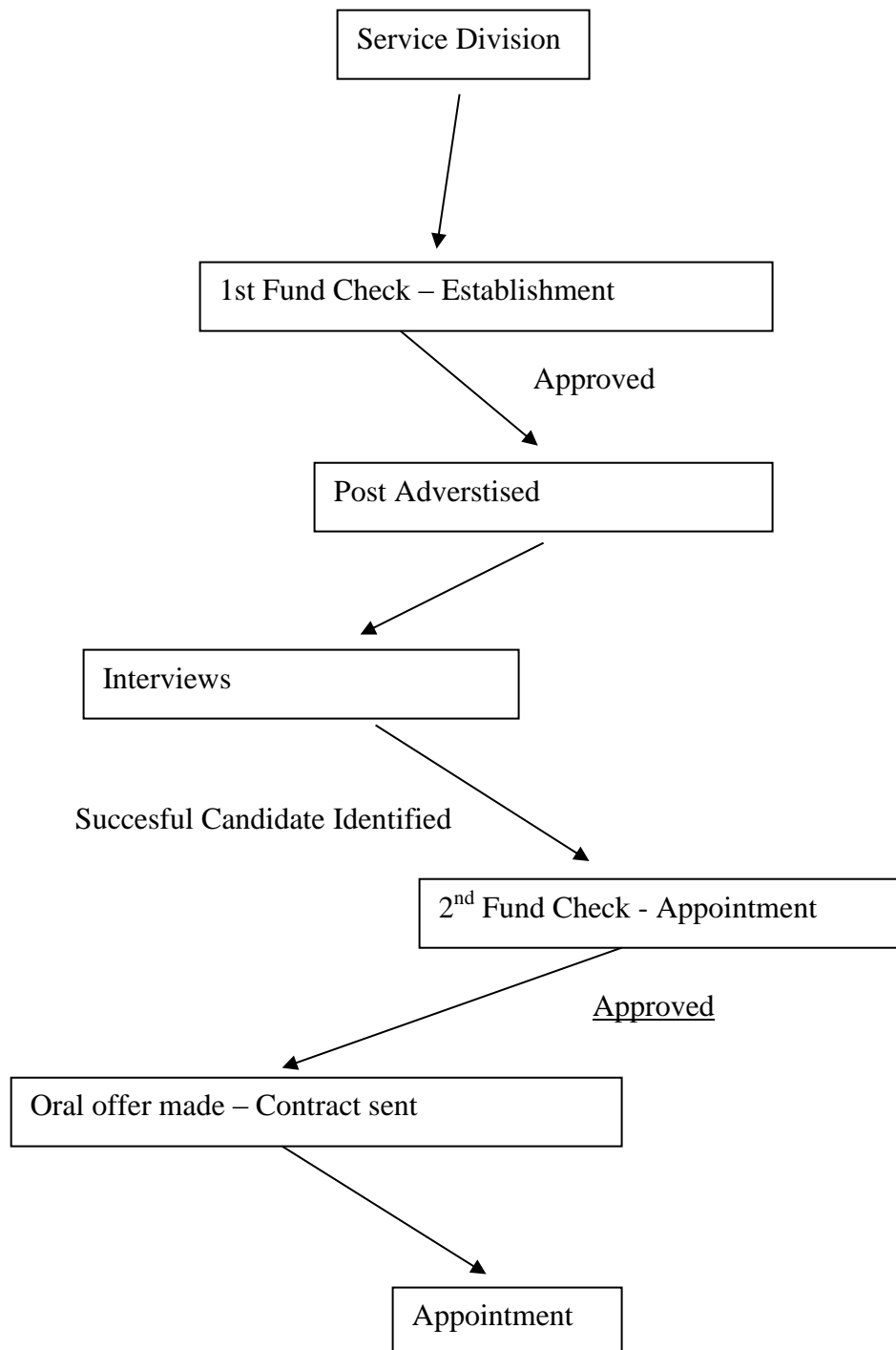
Mar 2010 Salary Forecast

Moved Department
Left LSE
Allowances
Contribution

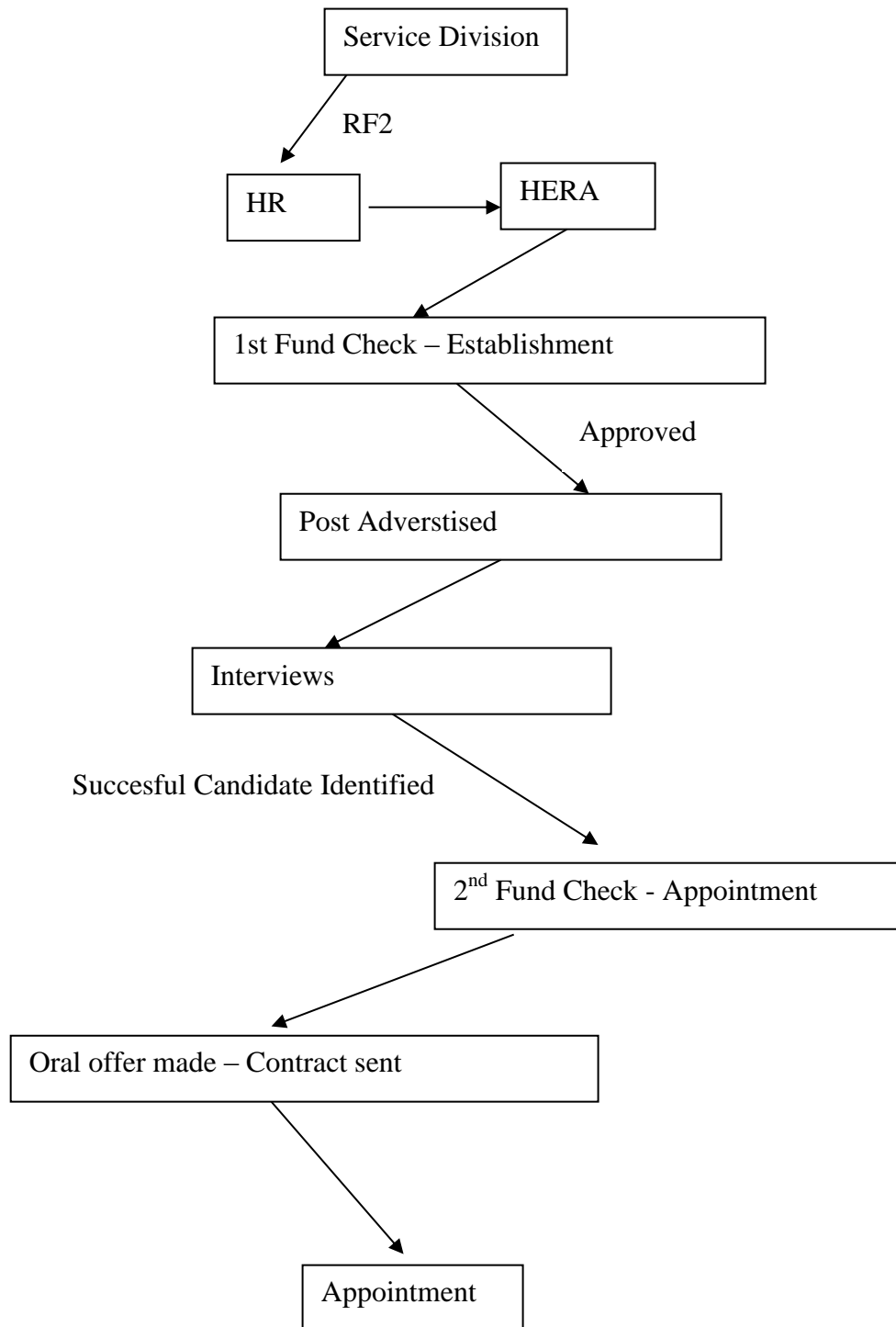
Point Increase
Salary Change
SAUL
USS

										YTD	
Sub-Unit	Post	Surname	Start Date	End Date	FTE	Depart. Split	Salary Band	Spine Point	Contribution	2009/10 Budget	2009/10 Forecast 30%
Vacancy Saving %											
HEFCE Relations	Head of HEFCE Relations	Smith	01/08/08	30/09/27	1.00	1.00	8	40.5	NO	65,076	63,059
HEFCE Relations	Deputy Head of HEFCE Relations	Sexton	01/08/08	30/09/41	1.00	1.00	7	36.5	NO	57,837	55,849
HEFCE Relations	HEFCE Events Manager	McDowell	01/08/08	31/08/09	0.00	1.00	6	26.0	NO	42,433	3,334
HEFCE Relations	HEFCE Events Manager (N. McDo	Gilson	30/11/09	31/07/34	1.00	1.00	5	18.0	NO	0	10,490
HEFCE Relations	Education Assistant	Lessi	01/08/08	31/07/48	1.00	1.00	4	16.0	NO	30,925	29,630
HEFCE Relations	Education Assistant	Zammer	01/08/08	31/07/50	1.00	1.00	4	14.5	NO	29,585	27,453
Total										225,857	189,814
Hospitality	Hospitality Manager	Harshal	01/08/08	30/09/43	1.00	1.00	7	34.5	NO	52,941	48,643
Hospitality	Ceremonies Manager	Pierson	05/01/09	02/10/09	0.00	1.00	7	33.5	NO	9,445	11,767
Hospitality	Project Assistant	Rong	03/10/09	30/09/46	1.00	1.00	6	27.5	NO	0	32,663
Hospitality	Project Assistant	Tracey	05/01/09	06/09/09	0.00	1.00	6	27.0	NO	40,341	6,839
Hospitality	Project Administrator	Strong	01/08/08	31/07/39	1.00	1.00	5	22.5	NO	37,471	35,985
Hospitality	Project Administrator	Houghton	01/08/08	31/07/48	1.00	1.00	5	18.0	NO	29,585	29,401
Total										169,783	165,297
Communications	Communications Manager	Matthews	14/09/09	30/09/42	1.00	1.00	8	40.5	NO	73,217	55,555
Communications	Communications Deputy Manager	Williams	01/08/08	15/11/09	1.00	1.00	6	29.5	NO	47,049	12,555
Communications	Communications Officer	Johnstone	01/08/09	20/08/49	1.00	1.00	5	21.5	NO	33,185	32,652
Communications	Communications Officer	Abbott	22/02/10	01/08/47	1.00	1.00	5	18.0	NO	0	10,754
Total										153,451	111,516
Development	Development Manager	Rene	01/08/08	30/09/40	0.80	1.00	8	45.0	YES	76,525	53,347
Development	Assistant Manager	Barracough	01/08/08	30/09/35	1.00	1.00	8	43.5	TOP	73,217	69,065
Development	Development Officer	Young	01/08/08	06/09/09	0.00	1.00	7	33.5	NO	51,839	4,958
Development	Development Officer	Pontikaki	01/08/08	30/09/36	1.00	1.00	7	37.5	TOP	61,349	51,779
Development	Development Officer	Mulligan	01/08/08	30/09/36	1.00	1.00	7	40.0	YES	64,124	61,576
Development	Development Officer	Gibson	01/08/08	30/09/24	1.00	1.00	7	41.5	YES	69,027	71,143
Development	Development Officer	Smith	01/08/08	30/09/41	1.00	1.00	7	35.0	NO	55,335	53,146
Development	Development Assistant	Merton	07/09/09	01/08/34	1.00	1.00	6	24.5	NO	0	34,522
Development	Development Assistant	Morris	07/09/09	30/09/47	1.00	1.00	6	27.0	NO	40,341	35,156
Development	PA to the Director	Collins	08/03/10	30/09/34	1.00	1.00	5	18.0	NO	32,945	12,509
Development	PA to the Director	Primerose	01/05/09	31/07/43	1.00	1.00	5	19.5	NO	34,804	32,443
Total										559,508	479,645
Research	Research Manager	Taylor	01/08/08	30/09/36	1.00	1.00	8	43.5	TOP	72,146	69,368
Research	Research Officer	Davies	01/08/08	31/07/51	1.00	1.00	5	20.0	NO	34,804	33,396
Research	Research Officer	Vacant	01/10/10	31/07/35	1.00	1.00	5	20.0	NO	40,341	0
Research	Research Officer(Intern)	Dowell	12/10/09	11/10/10	1.00	1.00	4	13.5	NO	0	22,142
Total										147,291	124,906
Total									3.00	1,255,890	1,071,178
Other		H/P Support Staff (Students)				30052/32052				80,000	75,165
Other		Secretarial & Clerical Student Staff & Acting Allow				30057/32054				0	2,848
Other		Agency Temps				31055				50,000	37,732
Total										130,000	115,744
Department Total										1,385,890	1,186,922

Annex 2 – Diagram of Recruitment Process (Existing Posts)



Annex 3 – Diagram of Recruitment Process (New Posts)



Annex 4:

Other Costs:

Expense Description	Expense Code
Overtime	30051
Hourly Paid Support Staff	30052
Acting Allowances	30054
Agency Temps	31055
Honoraria	30180
Hourly Paid Research Assistant	30192
IT Support ORA Temp Appointment	30252
Library Security Temps	31065
Agency Placement Costs	TBC
Consultants	30050
Recruitment Costs	Over and above whatever HR pays for
Training and Development Costs	Over and above whatever HR pays for

Annex 5:

Unspent Staff budget virement examples:

Expense Description	Expense Code
Advertising Costs	52020
Staff Training and Development	52081
IT Equipment	46001
Phones	40013
Other Office Equipment	43001
Subscriptions	51001

Annex 6:

MSL Instructions May 2015

The following document gives a brief overview of the MSL system. Further information can be supplied on request.

1. General

- a. The Minimum Staffing Level (MSL) is the level of resources for staffing purposes allocated by the Academic Planning and Resources Committee (APRC) to each organisational unit subject to the system in the School (see Annex A).
- b. Each unit is given an allocation of MSL points. In 2014-15 the cash equivalent of one MSL point will be **£925**.
- c. MSL points are recorded on two main forms:
 - The MSL/1 records allocation and is maintained by the Planning Unit
 - The MSL/2 records spend and is maintained by the Finance Division
- d. Each salary band has an associated MSL point value based on the relative average cost of an appointment at that grade including on-costs (see Annex B).
- e. Each August and March, the Planning Unit send out updated MSL forms for agreement and sign-off.
- f. MSL forms can now be accessed via the p drive path P:\MSLs\MSL_1&2. For information, the mapping path is p: (\adminshared) pdrive.

2. Appointments

- a. The MSL/2 form provides an entry for each full-time or fractional member of staff who has a permanent or fixed-term appointment and is funded through the MSL system.
- b. Ordinarily the Finance Division will automatically include replacement assumptions on the MSL/2 form, with effect from the leaving date where there are sufficient MSLs to do so. However, the APRC will monitor departmental programme health indicators before determining whether a replacement is justified or a reduction in student numbers and MSLs indicated. Practically, this means that Finance Division must refer all SBA1 to SBA3 appointments to the Planning Unit for confirmation of this.
- c. Units have the authority to make appointments against MSL resources, provided that total staffing expenditure (projected and actual) remains within their allocation.
- d. Before agreeing any MSL-funded appointment, the Finance Division will ensure that sufficient MSL points are available over the planning period.
- e. If insufficient MSL points are available for the full length of time required, the staffing request will be referred to the Planning Unit for further evaluation.
- f. Units under APRC review are not permitted to make any permanent appointments during the review process without first consulting the Chair of their review panel and the VC-APRC. Units being reviewed in 2014-15 are European Institute, International Relations, Management, Methodology and

3. Hourly Paid Staff

- a. Cash expenditure on Graduate Teaching Assistants and Guest Teachers, hourly-paid, casual and agency temporary staff will be converted to MSL points using the equivalent rate. Such spend is shown in detail on the supplementary Additional Expenditure spreadsheet in the MSL Forms workbook.
- b. At the beginning of each academic year, Organisational Units provide Finance Division with an estimate of the total expenditure on teachers, hourly-paid, casual and agency temporary staff and any other additional expenditure, for the current and future financial years.
- c. Cash expenditure on overtime payments, responsibility allowances and annual leave adjustments will also be recorded and converted to MSLs on the supplementary Additional Expenditure spreadsheet.
- d. Organisational Units are advised to maintain an independent record of the commitments which they make against their MSL for additional expenditure.
- e. All agency temporary staff must be booked via HR Division. When booking temporary staff please ensure the correct funding code is specified and also alert HR Division to any subsequent changes.
- f. The actual cost incurred, as posted in APTOS by Finance Division, will be converted into MSL points at the current equivalent rate and details entered on the MSL form. Organisational Units must check that the correct agency temporary staff are recorded, along with the correct costs.

4. Special Leave and Staff Absence

- a. While staff are on **Sabbatical Leave, Travel Leave, Short Leave, or Special Buyout Leave**, they remain on the School's payroll and continue to appear on the relevant MSL/2. With regard to **Sabbatical Leave, Travel Leave and Short Leave** such leave is usually granted on the understanding that the teaching duties of the absent member of staff will be shared by their colleagues and that no additional expenditure will be incurred by the School in engaging replacement staff.
- b. 'Small' Organisational Units may apply to the APRC for assistance for a limited amount of temporary teaching cover (£3k per term) for staff on **Sabbatical Leave**. An assessment of each application for assistance from the fund is made on its merits. Awards made are shown on the MSL/1 (Contact: Selina Hannaford, email:s.hannaford@lse.ac.uk, phone ext: 7520). Please see the 'Replacement teaching compensation' webpage at <https://www2.lse.ac.uk/intranet/staff/humanResources/joiningLSE/recruitingContracting/internal/essentialInformation/replacementTeachingBudget/Home.aspx> for fuller details.
- c. With the exception of the Provost and Deputy Director and the Pro Directors if a member of staff becomes a **School Office-holder**, they continue to be shown on the MSL/2 of their Organisational Unit. Additional resources are provided from the Replacement Teaching Fund. As this is a cash budget

outside of the MSL system, the award is not shown on the MSL/1. For the Provost and Deputy Director and the Pro Directors the MSL/2 of the Organisational Unit is adjusted to remove them from the form for their period of office and points are reclaimed on the MSL/1 for the same period leaving the Department with enough points to appoint an Assistant Professor.

- d. When a member of staff is absent through **long-term sickness** or on **maternity leave**, the MSL/2 will be amended to reflect any reduction in pay.
- e. In addition, where **Statutory Maternity Pay** is payable, 92% of the net SMP paid can be recovered by the School from HM Revenue and Customs. Equivalent MSLs will be credited back to the Organisational Unit and the MSL/2 will be amended accordingly by Finance Division at the end of each relevant period of maternity leave.
- f. A Unit may apply to the APRC for assistance with any additional costs required to recruit replacement staff from the Sickness and Maternity Contingency fund. An assessment of each application for assistance from the fund is made on its merits. Awards made are shown on the MSL/1 (Contact: Selina Hannaford, email: s.hannaford@lse.ac.uk, phone ext: 7520).
- g. If members of staff are absent on **Secondment**, the Organisational Unit saves their MSL cost for the period of leave and is free to spend it on replacement staff or use it for other staffing purposes.

5. Promotions and Other HERA regradings

- a. Given that all academic support posts have been through the HERA process, in broad principle a regrading will only occur through restructuring of work or where new duties are being undertaken by an individual. Where extra resources are required to support a regrading, a case must be made through the annual monitoring process prior to the restructuring taking effect to ensure that authority is given for the extra resources to be allocated to form MSL/1. It is acknowledged that there may be some occasions when restructuring is necessary at short notice and it is impractical for plans to wait until the annual monitoring process for consideration; in these circumstances, heads of Organisational Units should, in the first instance, consult with Finance Division (Contact: Mike Ferguson, email: m.ferguson@lse.ac.uk, phone ext: 7094) and the Planning Unit (Contact: Gary Barclay, email: g.j.barclay@lse.ac.uk, phone ext: 7948). Any allocations approved outside of the annual monitoring process would need to be confirmed at the next annual monitoring process.
- b. When a member of the academic staff who has been promoted to Senior Lecturer, Associate Professor, Reader or Professor leaves the School, the promotion points will be reclaimed from the MSL/1.

6. Early retirement, voluntary severance packages and arrangements relating to annual leave for leavers

- a. One-off costs of early retirement or voluntary severance packages will normally be charged to the Organisational Unit's MSL/2.
- b. Leavers are entitled to annual leave on a pro-rata basis in the year in which they leave which will be reflected as follows:
 - i. if a leaver has untaken holiday paid as a lump sum the Organisational Unit will be charged the cost of the leave paid via the additional expenditure line of the MSL/2.
 - ii. if a leaver has taken more holiday than entitled they will be charged the element of leave that exceeds their pro-rata entitlement. The Organisational Unit will be credited the cost of this repaid leave via the additional expenditure line of the MSL/2.

7. Resources for Additional Students

- a. Additional MSL points may be allocated to academic units for planned increases in student numbers over and above the figures included in the School's Rolling Plan. The allocation of such points is negotiated between the individual academic unit and the APRC via the annual monitoring process, with additional student numbers being brokered through the Student Numbers and Fees Group (SNAF).
- b. In the event that the School projects a potential and significant unplanned overshoot in its overall student target numbers in any particular year, the APRC may request that the Finance Committee release limited funds to compensate for the impact of a significant number of additional students.
- c. These additional resources may be clawed back should planned increases in student numbers not be achieved/maintained, or when a projected overshoot against target does not materialise, as determined by registrations at 31 October.
- d. Queries about points for planned expansion may be made to the Planning Unit (Contact: Wayne Tatlow, email: w.n.tatlow@lse.ac.uk, phone ext: 7407).

8. Carry forwards

- a. At the end of each financial year Organisational Units carry forward any unspent or overspent MSLs to the next financial year unless agreed otherwise.
- b. During the August sign-off exercise, all units should confirm that the year-end MSL forms (including carry forwards) are correct, and that all the relevant assumptions about future staffing expenditure have been incorporated.
- c. Following the August sign off, no retrospective changes would normally be made to the entries for the previous year(s).

9. Virements

- a. At the end of each financial year Organisational Units may, without the need for the approval of the APRC, vire unspent MSL points converted to cash at the current rate up to a maximum of 5% of their Effective MSL allocation to departmental kitties or similar non-staffing cash budgets.

- b. Requests to make virements should be made to Finance Division on form MSL/5, which will be sent to Organisational Units in mid-July by Finance Division for return by 31 July. Finance Division will check that Units have sufficient unspent and uncommitted points and will authorise the request adjusting the Unit's MSL/2 as necessary, or refer it back to the Organisational Unit if queries arise.
- c. At the end of the financial year Finance Division will make the required adjustments to the relevant cash budgets; Planning Unit will also be kept informed of all adjustments.
- d. If a Unit wishes to vire unspent cash budgets or earned income into their MSL/1 they must first approach both Planning Unit (Contact: Gary Barclay, email: g.j.barclay@lse.ac.uk, phone ext: 7948) and Finance Division (Contact: Fiona Russell, email: f.russell2@lse.ac.uk, phone ext: 7760) with full details so that the request can be considered.

10. Transfers between departments

All transfers of academic staff between departments need to be approved by the Director. While the Director or Pro-Directors will often facilitate these transfers, it is important to note that a solution will not be imposed upon Units and that there are no additional resources to support such transfers.

Successful transfers are contingent on an agreement being reached between the academic and the relevant Heads of Department. This may involve issues including academic fit with the new Department, the transfer of courses, or the development of new courses. Heads of Department will also need to consider the implications of a transfer on their Resource Allocation profile.

11. Contacts

In the first instance, queries should be addressed as follows:

- For form MSL/1 please use e-mail address: Msl1.Queries@lse.ac.uk
- For form MSL/2 please use e-mail address: Msl2.Queries@lse.ac.uk

For a full list of contacts, see Annex C.

Annex A: Organisational Units Subject to the MSL System

Academic Departments & Institutes

- Accounting
- Anthropology
- Economic History
- Economics
- European Institute
- Finance
- Gender Institute
- Geography and Environment
- Government
- International Development
- International History
- International Relations
- Law
- Management
- Mathematics
- Media & Communications
- Methodology
- Philosophy, Logic & Scientific Method
- Social Policy
- Social Psychology
- Sociology
- Statistics

Other Units

- MPA Administration and Guest Teachers

Annex B:

MSL Grades:

Salary band	MSLs per grade
SB01	21
SB02	29
SB03	32
SB04	36
SB05	42
SB06	51
SB07	68
SB08	80
SB09	90
SB10	125

MSL Grades for the New Academic Career structure from 1/8/2013 onwards:

Role title	Salary band	MSLs per grade
Assistant Professor	SBA1	70
Associate Professor	SBA2	86
Professor	SBA3	125

Annex C: Contacts

Query	Name (Division)	Tel no/Email
Allocations	Gary Barclay (PCPD)	7948/ g.j.barclay@lse.ac.uk
Appointments: Cost	Finance Division	msl2.queries@lse.ac.uk
Appointments: Agency Temps	Finance Division	msl2.queries@lse.ac.uk
Appointments: New Regular Appointments	Finance Division	msl2.queries@lse.ac.uk
Appointments: Extensions	Finance Division	msl2.queries@lse.ac.uk
Appointments: hourly-paid teaching staff	Nominated HR Administrator, Pay: Juan Du Plessis Sue Perry Mandip Singh	5028/ j.duplessis@lse.ac.uk 3759/ s.perry@lse.ac.uk 3667/ m.singh16@lse.ac.uk
APRC decisions, Reviews etc	Selina Hannaford (PCPD)	7520/ s.hannaford@lse.ac.uk
APRC Sickness & Maternity Contingency Fund	Selina Hannaford (PCPD)	7520/ s.hannaford@lse.ac.uk
Buy-out Money (External funds)	Mike Oliver (Research) Kerry Fyffe (Research)	7962/ m.oliver@lse.ac.uk 7961/ k.fyffe@lse.ac.uk
Carry Forwards	Gary Barclay (PCPD)	7948/ g.j.barclay@lse.ac.uk
Commitments against MSLs	Finance Division	msl2.queries@lse.ac.uk
Departmental Allocations	Liz Bunting (Finance)	6884/ e.bunting@lse.ac.uk
Endowed Chairs	Mike Ferguson (Finance)	7094/ m.ferguson@lse.ac.uk
HR Division Contacts	HR contacts tend to change regularly throughout the year. Please see the Who's Who for an up-to-date list.	
Leave: effect on MSL	Finance Division	msl2.queries@lse.ac.uk
Policy and Procedures on MSLs	Gary Barclay (PCPD)	7948/ g.j.barclay@lse.ac.uk
Promotions: Effect on MSL	Gary Barclay (PCPD)	7948/ g.j.barclay@lse.ac.uk
School Replacement Teaching Money	Finance Division	msl2.queries@lse.ac.uk
Virements from MSLs	Finance Division	msl2.queries@lse.ac.uk
Virements into MSLs	Gary Barclay (PCPD) Fiona Russell (Finance)	7948/ g.j.barclay@lse.ac.uk 7760/ f.russell2@lse.ac.uk