

PROFESSIONAL SERVICES STAFF CONTRIBUTION PAY GUIDELINES 2016-2017

The following paragraphs set out the arrangements for awarding contribution pay to professional services staff in the School. They apply to all such staff excluding the Director's direct reports for whom submissions are made to the Remuneration Committee by the Director.

1. Policy

- 1.1 Contribution pay is one mechanism of recognising exceptional contribution and outstanding performance. There may be other types of exceptional short term performance or commitment to a task or project, which can be recognised through other shorter term means.
- 1.2 The School is committed to recognising and rewarding continued exceptional contribution and outstanding performance of individual members of staff towards the furtherance of the School's objectives.
- 1.3 These guidelines are intended to encourage consistency in the application of contribution reward, by providing clear guidance to managers and staff about criteria and related issues.
- 1.4 Managers are reminded that they are expected to engage in regular reviews of the performance and contribution of their staff. This is to ensure the fair distribution of contribution awards and which reflects the intention of the Equality Act 2010¹.
- 1.5 The [Career Development Review](#) (CDR) process, although independent from the contribution reward process, should be used to inform decisions about contribution pay and the achievements of staff should be evidenced in supporting managers' contribution pay submissions. Evidence can be drawn from either the most recent full CDR or any 6-month review.
- 1.6 Human Resources Division is responsible for advising managers and staff through the process.
- 1.7 The award of **responsibility allowances** and submissions for **re-grading** under the HERA job evaluation process are separate from contribution pay and are dealt with elsewhere:

<http://www2.lse.ac.uk/intranet/staff/humanResources/reviewingAndRewarding/promotionAndReview/promotingAcademicSupportStaff/promotionOfAcademicSupportStaff.aspx>

<https://www2.lse.ac.uk/intranet/staff/humanResources/joiningLSE/recruitingContracting/internal/word/responsibilityAllowancePolicy.doc>

For further information in regards to Responsibility Allowances and/or re-grading please contact your HR Partner in the first instance.

¹ The Equality Act 2010 states that people should not be discriminated against on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

- 1.8 Nominations for contribution pay received later than deadlines outlined in section 8 **will not** be considered except in the context of exceptional circumstances. Likewise, submissions for contribution pay during the Academic year will not normally be considered unless there is a clear rationale as to why an award is required outside of the Contribution Committees.

2. Definition of Contribution Pay

- 2.1 Contribution pay should be used to recognise, reward and retain outstanding performance and exceptional contribution which exceeds the normal expectations of an individual's job.
- 2.2 The School expects all staff to perform at a level which meets the normal expectations for the role and salary band. It follows that meeting normal School expectations as set out in the job description will not, of itself, justify a contribution award.
- 2.3 Assessment by managers of individual contributions should be clearly related to institutional objectives – whether at the local level, i.e. department/ institute/ centre/ division etc., or School level – and associated individual objectives and should recognise those achievements and activities which contribute to the continuing success of the LSE.
- 2.4 The contribution pay budget is set on an annual basis and is separate from other pay budgets. It takes into account the School's overall financial position and projected expenditure. Contribution reward is not a contractual benefit and the School reserves the right to modify or suspend the process should the School's financial circumstances so dictate.

3. Broad Principles

- 3.1 Managers must consider all professional service staff within their area for contribution awards, whether staff are on salaried or hourly paid contracts. Where senior managers are not as familiar with the performance of individual or groups staff themselves, they should pro-actively seek feedback from other managers and supervisors to ensure everyone in their area has been fairly considered, irrespective of their contract type or pay grade.
- 3.2 All contribution reward is discretionary. Awards can take the form of additional increments or non-recurrent payments.
- 3.3 Contribution reward is an annual process and awards will generally be applied prospectively – with the exception of some non-recurrent awards for staff at Bands 1 to 3 (see paragraph 6.5 below).
- 3.4 Contribution awards will normally be given to individual staff members. However, it is also possible to submit a case for a *team reward* where there is clear evidence of co-operative working leading to an exceptional outcome. An example might be a £500 non-recurrent payment for a team leading an office relocation whilst carrying out their substantive roles fully.
- 3.5 Managers should take departmental/divisional salary relativities into account and should also be sensitive to the issues of equality and diversity and the last equal pay review when considering their submissions. Appropriate

information will be made available to Group Heads (for distribution down the management chain as appropriate) by Human Resources.

- 3.6 Contribution pay is not intended to solely be a reward for long service or “solid” performance though managers will need to be alert to the claims of those whose “quiet contribution” ensures the successful delivery of departmental objectives and who may be more deserving than the more overt performer or “self-promotee”. These staff should not be overlooked. Managers should also avoid rewarding those they know best at the expense of other staff and should make whatever enquires are necessary to make a fair overall assessment of their staff.
- 3.7 There is no set ratio or recommended percentage of staff who should be put forward for contribution pay. Managers should avoid creating a climate of expectation in this respect and any suggestion that not being recommended for contribution pay is a negative comment on an employee’s performance. Contribution pay should be regarded as an exceptional event to reward service. Whilst staff are unlikely to receive repeat awards there is no prohibition on those who have worked over and above their role receiving contribution pay two or more years running.
- 3.8 Staff who have resigned and are working their notice period cannot normally be nominated for a contribution award. Staff who have left the LSE before 31 July 2017 will not receive a contribution award for which they may have been nominated.

4. Non-recurrent Awards

- 4.1 Non-recurrent awards are one-off payments and can be an appropriate form of acknowledgement when staff have worked over and above their role to support a short-term team objective or have worked substantial additional hours e.g. when covering for an absent colleague (and haven’t been given a responsibility allowance) or to complete a specific, one-off, unscheduled project.
- 4.2 The terms and conditions for professional services staff state that any additional hours worked will normally be compensated by time off in lieu for staff on Bands 1-5 (or payment if time off in lieu is not operationally appropriate). In determining whether a contribution award is appropriate, managers should consider what time off in lieu arrangements have been in place throughout the period and whether any overtime payment has been made in respect of operational delivery or additional achievement.

Staff on Bands 6-10 are normally expected to work such hours and such days as may be required to fulfil their responsibilities. Hence from time to time members of staff may be required to work above their paid weekly hours to fulfil their duties. Usually no payment will be made for the additional hours worked. However members of staff will not normally be expected to work continuous or heavy overtime.

- 4.3 Examples of when a manager could consider anon-recurrent award include:
- rewarding staff for a specific achievement
 - rewarding staff for their having dealt with a challenge or period of operational difficulty in a particularly noteworthy way (“risen to the challenge” so to speak).

Such payments may also be appropriate where staff are well paid relative to their peers (including those already at the contribution maximum for their salary band) or where a permanent addition to salary would distort departmental, divisional or wider School pay relativities.

- 4.4 Managers are expected to use their judgement and discretion in recommending an amount of non-recurrent award and bear in mind the individual's current salary level. Managers can contact their HR Partner for further advice on the size of non-recurrent award.
- 4.5 As a guide the range of awards could be 2.5% of gross annual salary for those who have worked over and above their role to 10% for an exceptional performance.
- 4.6 Non-recurrent awards are non superannuable and are paid to staff in their July 2017 pay.

5. Recurrent Awards

- 5.1 Recurrent awards are expressed in terms of increments consolidated into basic salary.
- 5.2 Managers should consider awarding increments when an individual has shown evidence of sustained exceptional contribution and outstanding performance, above the level normally expected for the job. Examples (not exhaustive) might be:
 - performance which meets the exceptional contribution levels with reference to the [Effective Behaviours Framework](#) (as evidenced through the CDR process);
 - the acquisition of a relevant qualification with consequential outstanding performance;
 - greater responsibilities within the current job which are being delivered at an outstanding performance level – though not such as to justify a re-grade;
 - evidence of sustained positive feedback from service users;
 - personal career 'growth' in terms of weight of overall contribution, stature, reputation etc.
- 5.3 Managers should be aware that, for those staff on standard incrementation, the concept of career growth is, to some extent, built into the idea of incremental progression – at least until the employee reaches the contribution range. (Salary Bands 1-8 each have a standard range where incrementation applies.) Staff who are paid in the contribution range or on Salary Bands 9 and 10 are dependent on contribution pay for any additional income and this should be factored into the decision-making process.
- 5.4 As with non-recurrent awards there is no maximum laid down for recurrent awards – managers are expected to use their judgement and discretion – though they should consider the individual's current salary level and take into account salary differentials with other colleagues. **As a guide the range of awards could be half an increment for those who have worked over and above their role to two full increments for exceptional performance. Any awards in excess of two full increments would need to be carefully considered and justified.** Managers should also take into account if the member of staff will also receive an automatic increment.

- 5.5 Recurrent awards are normally superannuable and are effective from 1 August 2017.

6. The Process

- 6.1 The budget for professional services staff contribution pay is separately identified and budgeted for by the Finance Committee.
- 6.2 The overall budget will be divided up into six “sub-pots” pro-rata to staff wage bill as follows:

Group	Staff included	Group Head
A	For staff reporting to the School Secretary	School Secretary
B	For staff reporting to the Chief Financial Officer and staff reporting to the Pro-Director for Planning and Resources	Pro-Director for Planning and Resources / Chief Financial Officer
C	For staff reporting to the Pro-Director for Teaching and Learning	Pro-Director for Teaching and Learning
D	For staff reporting to the Pro-Director for Research	Pro-Director for Research
E	For staff reporting to the Chief Operations Officer	Chief Operating Officer
F	For all remaining staff	Director of Human Resources

- 6.3 Each Group Head identified in A to F above is responsible for ensuring that the proposed contribution awards (whether recurrent or non-recurrent awards) are distributed appropriately and fairly within their divisions, consulting their own senior staff as appropriate and ensuring that the nominations are within budget. It is equally important that managers and Group Heads discuss nominations with their HR Partner.

A “moderation” meeting will take place involving the Group Heads and chaired by the Pro-Director, Faculty Development in accordance with good internal governance principles.

- 6.4 The decisions on which contribution pay recommendations are made should be informed by the outcomes of the Career Development Review. It is important to note that senior managers, especially those ultimately responsible for contribution pay funds, will need to ensure that recommendations are based on rational and justifiable performance outcomes.
- 6.5 The annual timetable for contribution pay is designed to ensure that all the necessary discussion and moderation processes are undertaken prior to the award of contribution pay which will take effect from the following 1 August in the case of recurrent awards and 31 July in the case of non-recurrent awards. The only exception to this relates to the award of non-recurrent payments to staff in **Bands 1 to 3** in terms of more immediate reward for individual merit. These can be made at any time – cases to be submitted by line managers through the Group Heads to the Director of Human Resources, copied to HR.Reward@lse.ac.uk.
- 6.6 In the case of Group F, the Director of Human Resources will ensure that appropriate recommendations are considered, moderated, and, as

appropriate, submitted, for staff not covered by a Group Head – i.e. for the most part the staff in the academic departments. Individual requests from Heads of Departments/Centre Directors will be submitted via the relevant HR Partner for the area concerned (see section 7).

- 6.7 Please note that proposals for awards for research staff in Research Centres will need to be funded from the Centre's resources. Likewise, the cost of awards for research staff employed on grants in Academic Departments should be funded by the grant (or the Department concerned). These will be considered under Group F and funding confirmation should be sent alongside any requests for contribution awards. Research Infrastructure and Investment Funding (RIIF funding), which is made available by the School under the Research Incentives Policy, may also be used for funding contribution pay awards.
- 6.8 Human Resources have responsibility for maintaining information on past awards and advising Group Heads and other managers on data in relation to issues around equality and diversity. To support Service Leaders and help to facilitate consistency of approach, HR Partners will provide advice to Service Leaders and **should** be contacted to review the levels of proposed awards and the overall Department submission.
- 6.10 Nominations for contribution pay received later than deadlines outlined in section 9 **will not** be considered except in the context of exceptional circumstances. Likewise, submissions for contribution pay during the Academic year will not normally be considered unless there is a clear rationale as to why an award is required outside of the Contribution Committees.
- 6.9 The Remuneration Committee has responsibility for overall oversight of policy-related issues and an appropriate analysis of the awards (with particular attention to equality and diversity).

7 Additional process guidance for managers of staff in Group F

- 7.1 The Guidelines outlined above should be adequate for those staff whose contribution pay budget is ultimately managed by one of the Group Heads – Groups A to E above.
- 7.2 The position of Group F is rather different in that, whilst the Director of Human Resources is the Group Head, moderated by, the source of the nominations come from a large number of separate management units with independent reporting arrangements. The following additional guidance is therefore recommended:
- 7.3 Full salary information will be made available to Heads of Departments, Institutes and Research Centres and to those Service Leaders not covered under Groups A to E. This information will be copied also to unit managers and the relevant HR Partner so that they can provide full support to the process.
- 7.4 Heads of Departments, Institutes and Research Centres and Service Leaders not covered under Groups A to E should discuss any recommendations with their unit managers and with their HR Partners who, because their remit extends across a number of areas of the School, will have a broader view of performance relativities. They will also be able to relate contribution pay recommendations to any performance issues that may be of concern.

- 7.5 Whilst not wishing to place undue burden on managers a short paragraph outlining the reasons for any recommendation should be completed so that there is an audit trail of recommendations. A form for this purpose is provided.
- 7.6 All recommendations should be signed off by the Head of Department/Institute/Centre or Service Leader.

8 Monitoring/Issues of Equity

- 8.1 The School is committed to monitoring and evaluating its reward procedures and activities to ensure consistency, equity and fairness.
- 8.2 Human Resources will keep the pattern of applications and awards across and within Departments/Divisions under review in the context of equitable treatment and the need to promote diversity, and to ensure that there is no adverse impact or detriment to any staff group as a consequence of School policy and procedure. Full information will be supplied by Human Resources to Group Heads.
- 8.3 An analysis of the awards given as part of PSSC 2015/2016 showed a balanced picture on the ground of gender. 57% of the contribution budget was spent on female staff who make up 58% of the salary bill.

The ethnicity breakdown showed a slightly higher proportion of the budget spent was on white staff (75%) when they only account for 69% of the salary bill. For a number of other ethnic groups the spend on awards was lower than their proportion of the salary bill.

- 8.4 An annual report on decisions and policy will be made to the Remuneration Committee in the Summer Term.

9 Timeline

Date	Process/task/meeting
Lent term	Reward Team to send data to all Group Heads <ul style="list-style-type: none"> • Guidance • Budget and Salary data • Submission forms (Group F only)
24 April 2017	Group F only: Head of Department/Institute/Centre or Service Leader to send in recommendations to HR Partners.
24 April 2017	Group Heads A to E to send recommendations/cases to the Reward Team (HR.Reward@lse.ac.uk).
5 June 2017	Moderation meeting chaired by the Pro-Director, Faculty Development.
11 July 2017	Remuneration Committee meeting.
By 31 July 2016	Reward team informs Group Heads of the Committee's decision and issues letters for Group Heads to pass on to staff.
Effective Date of Awards:	
31 July 2016 for non-recurrent awards	
1 August 2016 for recurrent awards (increments)	



**Human Resources
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