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 Service Leaders, Head of Department, Centre Directors and other managers (henceforth referred to as 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 in accordance with the intention of the Equality Act 2010.

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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.
1.5 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:


b. Re-grading: https://info.lse.ac.uk/staff/divisions/Human-Resources/Review-reward-and-promotion/HERA

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

d. Staff would not normally be considered for a contribution award in addition to a responsibility allowance if the reason for the award and responsibility allowance are the same.

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 local or School level objectives as well as individual objectives. Achievements and activities which contribute to the continuing success of the LSE should be recognised.

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 services staff within their area for contribution
awards, whether they are on salaried or hourly paid contracts. Where senior managers are not as familiar with the performance of individual or groups of 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 Contribution 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 6.6 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 award where there is clear evidence of cooperative working leading to an exceptional outcome. An example might be a £500 non-recurrent payment per individual involved in 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 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. Before submission of nominations for contribution awards, managers should ‘pause for thought’ to ensure that all staff have been considered.

3.7 Contribution pay is not intended to 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 or divisional objectives and who may be more deserving than the more overt performer or “self-promoter”. 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.

3.8 There is no set ratio or recommended percentage of staff who should be put forward for contribution pay. Departments, Divisions, Centres and Institutes will be provided with an indicative budget based on their proportion of the overall contribution budget.

3.9 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 for two or more years running.

3.10 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 2019 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 to complete a specific, one-off, unscheduled project.

Examples of when a manager could consider a non-recurrent award include:

- rewarding staff for a special achievement
- rewarding staff for 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.

4.2 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 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.

4.4 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 up to a maximum of £5,000. In 2017-18, of the non-recurrent awards approved 84% were for £1,000 or less, 11% were for awards of between £1001 and £2000. 5% of staff received an award of between £2001 and £5,000.

4.5 Non-recurrent awards are non-superannuable and are paid to staff in their July 2019 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 within the standard zone (in bands 1 to 8), 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. 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. In 2017-18, of the recurrent awards given, 80% of these were for 0.5 or one increment. 18% of awards were for 1.5 or two increments. 2% of awards were for 2.5 or three increments.

5.5 Recurrent awards are superannuable and are effective from 1 August 2019.

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 five “sub-pots” pro-rata to staff wage bill as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Staff included</th>
<th>Group Head</th>
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<tbody>
<tr>
<td>A</td>
<td>For staff reporting to the Chief Financial Officer and staff reporting to the Pro-Director, Planning and Resources</td>
<td>Pro-Director, Planning and Resources / Chief Financial Officer</td>
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<tr>
<td>B</td>
<td>For staff reporting to the Pro-Director, Education.</td>
<td>Pro-Director, Education</td>
</tr>
<tr>
<td>C</td>
<td>For staff reporting to the Pro-Director, Research.</td>
<td>Pro-Director, Research</td>
</tr>
<tr>
<td>D</td>
<td>For staff reporting to the Chief Operating Officer, working in ARD, the Directorate or Secretary’s Division.</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>E</td>
<td>For all remaining staff</td>
<td>Director of Human Resources</td>
</tr>
</tbody>
</table>
6.3 Each Group Head identified in A to E 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.

6.4 Group Heads within groups A to D should keep a local record of the reasons for award nominations. Following all submissions, HR Partners will meet with the Group Heads to provide an analysis on how awards have been proposed across gender, ethnicity, salary band and contract type to ensure a fair spread of awards.

6.5 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. The decisions of this committee are final.

6.6 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.

6.7 In the case of Group E, 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, research centres and institutes. Individual requests from these managers will be submitted via the relevant HR Partner for the area concerned (see section 7).

6.8 Please note that proposals for awards for staff funded from budgets other than Cash Staffing Budgets (CSB) will require funding confirmation prior to submission. If necessary, further clarification can be obtained from the relevant Financial Planning and Analysis Manager within the Finance Division.

6.9 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 for staff within research centres. It should be noted that for units that are funding their own awards, the award proposals will still need to be considered and potentially moderated in line with other requests across the School to ensure equity in the size of awards.

6.10 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 managers and help to facilitate consistency of approach, HR Partners will provide advice and should be contacted to review the levels of proposed awards and the overall department submission.

6.11 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.
6.12 The Human Resources Committee has responsibility for overall oversight of policy-related issues and will be provided with an appropriate analysis of the awards (with particular attention to equality and diversity).

7. Additional process guidance for managers of staff in Group E

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 D above.

7.2 The position of Group E is rather different in that, whilst the Director of Human Resources is the Group Head, the source of the nominations come from a large number of separate management units with independent reporting arrangements. The following additional guidance is therefore provided.

7.3 Full salary information will be made available to departments, research centres and institutes not covered under Groups A to D. 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 In order to support managers in determining how much should be spent on contribution awards and in order to ensure that the size of awards are fair compared to those in Group A-D, Heads of Departments will be provided with an indicative budget for recurrent and non-recurrent awards. This will be based on what proportion of the Group E contribution budget would be allocated to each department based on salary bill. For self-funded areas, the indicative budget will be based upon what the budget would have been if it was paid from the central budget which is based on a proportion of the salary bill. Please note that these values are for indicative purposes only.

7.5 Managers not covered under Groups A to D 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.

7.6 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. These recommendations can be added to the salary spreadsheet or on a nomination form.

7.7 All recommendations should be signed off by the Head of Department/Institute/Centre before submission to the HR Partner.

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 In line with the School’s commitment to reducing the gender pay gap, additional scrutiny
will be provided when considering applications for individuals at bands 9 and 10. These applications will be considered as part of a distinct cohort at Group Head moderation meetings and specific School-wide peer benchmarking based on gender will be carried out prior to approval of awards.

8.3 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.

8.4 An analysis of the awards given as part of PSSC 2017-18 showed a balanced picture on the grounds of gender. 59% 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 (76%) when they only account for 67% of the salary bill. For a number of other ethnic groups, the spend on awards was slightly lower than their proportion of the salary bill.

8.5 An annual report on decisions and policy will be made to the Human Resources Committee in the summer term.

9. Timeline

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<tr>
<td>Early March 2019</td>
<td>Reward Team to send link to guidance, indicative budget and salary data to Group Heads and Group E managers.</td>
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<tr>
<td>17 April 2019</td>
<td><strong>Group E only</strong>: Head of Department/Institute/Centre to send nominations to HR Partners</td>
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<tr>
<td>17 April 2019</td>
<td><strong>Group Heads A to D</strong> to send nominations to the Reward Team (<a href="mailto:HR.Reward@lse.ac.uk">HR.Reward@lse.ac.uk</a>)</td>
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<tr>
<td>3 June 2019</td>
<td>Moderation meeting chaired by the Pro-Director, Faculty Development</td>
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<td>27 June 2019</td>
<td>Human Resources Committee meeting</td>
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<td>By 31 July 2019</td>
<td>Reward team informs Group Heads of the Committee’s decision and issues letters for Group Heads and Group E managers to pass on to staff.</td>
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**Effective date of awards:**
- 31 July 2019 for non-recurrent awards
- 1 August 2019 for recurrent awards (increments)

Human Resources
February 2019
Review schedule

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<td>HR Manager</td>
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Communications and Training

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