FALMOUTH UNIVERSITY

STAFF INCENTIVISATION & REWARD STRATEGY

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Compiled by the Human Resources Department

STAFF INCENTIVISATION & REWARD STRATEGY

THIS DOCUMENT SETS OUT FALMOUTH'S STRATEGY IN RESPECT OF THE INCENTIVISATION AND REWARD OF ITS STAFF.

1. Purpose
The University believes its people are key to its success. We aim to ensure that the University is a 'great place to work' by providing an environment where staff are valued, where excellence is the norm and where exceptional performance that adds real value is incentivised, recognised and appropriately rewarded. This is about more than just the financial mechanisms we use to recognise people's performance. It is about ensuring we have the right systems in place to incentivise the desired culture and behaviours, deliver the institutional strategy and the financial targets and to deliver transformational change to the organisation.

Falmouth's Strategic Plan sets ambitious and stretching targets, which will be achieved if we are able to recruit, retain and motivate high performing staff who can deliver its strategic objectives, and more importantly, its Measures of Success. The Maximising Our Resources section of the institutional Strategic Plan states the following about our people resources:

"Develop and manage our staff
We will:

- *Use a strategic approach to human resource management ensuring that all staff understand their roles.*
- *Ensure all staff have output based performance objectives that contribute to delivering the University's ambitions.*
- *Develop new ways to acknowledge and reward staff contributions to Falmouth's success.*
- *Invest in managers, academic staff and professional services staff to ensure that they have the necessary skills to be effective in their roles."*

Objective 4 of Falmouth's HR Strategy is "To recognise and reward high performing staff"

It goes on to state that *'We believe that staff should be fairly and equitably rewarded for the contribution they make to achieving organisational objectives and for 'going the extra mile'. Exceptional staff performance (both individually and in teams) should be recognised, celebrated and rewarded, particularly when it exceeds expectations. We believe that recognition and reward can take many forms and aim to utilise as many of these as possible, as often as possible, in ways that are transparent and fair'.*

This reward strategy sets out the underlying principles and provides more detail in relation to how this objective will be delivered. It does not set out the specific reward and recognition policies and mechanisms that might be used; these need to be flexible and may change over time in response to business needs. Examples of these are listed as Related Documents in Annex A at the end of this paper. Its purpose is to provide a set of guiding principles, which will underpin decisions on the development and review of Falmouth's future remuneration and wider reward and recognition policies and mechanisms.

Taken as a whole our incentivisation and reward policies and mechanisms need to:

- Be competitive in the marketplace and support recruitment and retention.

- Be equitable/fair as between roles of comparable level.

- Reward the expected high level of performance through the basic pay arrangements.

- Incentivise and recognise exceptional value adding and transformational behaviours and reward these accordingly.

3. Context
Falmouth University, like the majority of UK HEIs, currently participates in national pay bargaining under the auspices of the New Joint Negotiating Committee for Higher Education Staff (New JNCHES). This process, which results in the settlement of the annual cost of living increase review, operates under the New JNCHES Agreement 2013:

http://www.ucea.ac.uk/download.cfm/docid/3C435029-B3D6-4FFD-8D016A6661165C30

Falmouth also implemented the Framework Agreement for Higher Education in 2006:

http://www.ucea.ac.uk/download.cfm/docid/A06D4CD1-C3A2-12BB-B9DDAE3E0624115D

This introduced job evaluation as a mechanism for ensuring equal pay for work of equal value. Falmouth opted to adopt the Higher Education Role Analysis (HERA) as its job evaluation tool. It also adopted the national 51 point pay spine (later locally extended to 53 points) for all staff, except those on senior management contracts, as the basis of its pay structures, and implemented incremental progression within grades, and contribution points at the top of each grade as part of this process.

However, we are alert to the fact that, with changes to the underlying structures and funding of higher education in the UK and increasing pressures on cost and of competition, we will need to keep all of our reward mechanisms and processes under constant review to ensure that they continue to meet Falmouth's specific business needs. We do not rule out withdrawal from these national negotiating processes if they cease to support the delivery of Falmouth's Strategic Plan.

Whilst this Strategy deals specifically with staff incentivisation and reward it needs to be seen in the context of the wider approach to Performance Management. The reward strategy will only work effectively if it is part of a robust Performance Management Framework that sets clear expectations of staff that are linked to the institutional strategy and objectives, monitors delivery of these through a year round review process and deals with underperformance as it arises.

4. Definition of Incentivisation and Reward
Falmouth adopts a broad definition of reward and recognises the value of both the pay and non-pay benefits that it offers. These include:

- Base and Variable Pay – E.g. Salary, Allowances, Performance Related Pay etc.
- The Benefits Package – E.g. Pensions, Annual Leave, Sick Pay etc.
- Personal and Career Development Opportunities – E.g. staff and career development etc.
- Work Life balance – E.g. Family Friendly policies, part-time working etc.
- Health and Wellbeing – E.g. Sports facilities, staff counselling etc.
- Staff engagement/intrinsic benefits – E.g. Culture, feeling valued, communication, involvement, work environment etc.
- Recognition schemes – E.g. Teaching Excellence Awards, Staff Awards etc.
- Other benefits – E.g. Salary Sacrifice Schemes.

We will develop appropriate total reward packages to meet the needs of both the organisation and the people it employs. These mechanisms will distinguish between reward for staff delivering on their job description to the expected excellent high standard and reward for added value and transformational change above and beyond this. In doing so, Falmouth also recognises the difference between incentivisation and reward with the former driving behaviour and the latter rewarding it.

5. Principles of Reward at Falmouth

Falmouth adopts the following principles in determining its approach to the remuneration and reward of its staff:

I. **Alignment with the University's strategic objectives and values:** the strategy must support a culture centred on achievement of the University's Strategic Plan objectives and Measures of Success, which are published in the plan, and their supporting sub measures.

II. **Incentivising a culture of achievement**: the strategy must recognise and reward staff for adding tangible value, either individually or in teams. This will be clearly distinct from the high standard of performance, which is the expectation of all our staff as the norm, and is rewarded through our very competitive basic pay and terms and conditions packages. Performance below this standard, whatever its cause, will be managed proactively and will not be rewarded**.**

III. **Affordability**: there is a direct correlation between added value and affordability, as the latter should flow from the former. Definitions of added value being considered include, but are not limited to:
- Efficiency gains and application of Lean principles
- New income streams
- Delivering new products to market
- New innovations
- Business start-ups
- Significant new partnerships
- Raising the University's profile with key stakeholders

Tangible benefit underpinned by metrics will be required for all of the above.

IV. **Governance**: the strategy must meet the University's legislative responsibilities, and ensuring the wise and appropriate use of public funds, while minimizing bureaucracy. The strategy must also complement and be integrated with other organisational policies, which are listed in Annex A.

V. **Equality and parity**: the strategy must ensure that pay and reward systems are based on a consistent framework, are fair and equitable across the University, and are not biased towards a limited set of departments, roles, pay grades and protected characteristics under the Equality Act.

VI. **Flexibility:** the strategy must enable the University to attract and engage and the right staff who will drive, stimulate and deliver added value or lean management principles. In addition, the strategy must enable the University to retain people who have demonstrated that they can deliver in this way.

6. Determination of Reward Policies

The Board of Governors is responsible for the determination of the pay and conditions of certain Senior Designated Post Holders and for setting a framework for the pay and conditions of all other staff. Reward policies are subject to the approval of the Vice Chancellor's Executive Group (VCEG) and, where necessary the Remuneration Committee of the Board of Governors.

The University will research, consider and review new reward initiatives and developments to ensure that the Reward Strategy continues to fulfil the aims of the University within its changing environment. The monitoring and development of reward policies is the responsibility of the Director of Human Resources who will bring forward evidence-based proposals for consideration by the VCEG. Where proposals involve changes to existing terms and conditions of employment for staff, these changes will be subject to negotiation with Falmouth's recognised trade unions, otherwise they will be subject to consultation, or details will be provided for information, as appropriate.

7. Summary

Falmouth expects all staff to do an excellent job as set out in their job description and monitored through the performance management processes.

We will reward staff fairly, appropriately and transparently for doing this so as to support recruitment and retention of staff.

The Senior Management team in the form of the Vice-Chancellor's Executive Group (VCEG) are responsible for the delivery of the annual budgeted surplus (institutional and departmental) through the management and control of departments and budgets and will be incentivised to deliver the budgeted financial surpluses appropriately.

We will seek to incentivise, recognise and reward exceptional staff performance beyond this. In particular that which is 'adding value' above and beyond role and budget and that, which drives cultural and transformational change in the organisation. Staff at any level can exhibit such behaviours.

Annex A: Staff Incentivisation and Reward Strategy: Related Policies, Procedures and Schemes

The following policies, procedures and schemes are relevant to Falmouth's forthcoming Staff Incentivisation and Reward Strategy:

- Additional Hours and Responsibilities Policy (Draft)
- Equal Opportunities (including Equal Pay Policy)
- Family Friendly policies (Adoption, Maternity, Paternity, Flexible Working)
- International Travel Policy (Draft)
- Leave Policies (Annual Leave, Discretionary Leave, Parental Leave, Shared Parental Leave, Sickness Absence Management Policy).
- Market Supplement Policy
- Performance Development Review Policy
- Performance Related Pay Arrangements (For Senior Staff)
- Exceptional Performance Staff Awards Scheme
- Staff Excellence Awards
- Procedures for the appointment of Professors, Associate Professors and Teaching Fellows
- Promotion and Progression Policy (Under Review)
- Recruitment Policy
- Relocation Policy
- Retirement Policy
- Staff Handbook
- Training and Development Policy
- Travel and subsistence Policy
- Wellbeing Policy