

NOT TO BE COMMUNICATED TO ANYONE OUTSIDE HM SERVICE WITHOUT AUTHORITY

Pay Award FAQs

Pay Award

I am due to leave DE&S before the Pay Award is paid in August, what Pay and Performance Award will I be eligible for?

Whether you are eligible for a Pay or Performance Award will depend on the circumstances of your departure from DE&S, employees who are dismissed, are under notice to leave, or have left DE&S before the Pay Award payment date, may not be eligible to receive a Pay or Performance Award. DE&S will have discretion to make a Pay or Performance Award in certain leaver circumstances.

I have recently joined DE&S and did not have a performance report for the 2016/17 reporting year, what Pay and Performance award will I be eligible for?

Whether you are eligible for a Pay or Performance Award will depend on the circumstances in which you joined DE&S, and will be determined on a case by case basis by the Reward COE and relevant HRBP for your business area. You will be notified by your FDO of your Pay Award outcome in the same way as all other DE&S employees.

I have been absent from DE&S for the bulk of the 2016/17 reporting year and as a result did not have a performance report, what Pay and Performance Award will I be eligible for?

Whether you are eligible for a Pay or Performance Award will depend on the circumstances of your absence from DE&S, and will be determined on a case by case basis by the Reward COE and relevant HRBP for your business area. You will be personally advised by your FDO of your Pay Award outcome in the same way as all other DE&S employees.

How will the value of Pay Awards be calculated?

The Pay Awards will be calculated using a pay model that has been developed by the Reward COE, which will look at the total of salary and allowances (Functional and General) for each employee and compare this to the benchmark for the role profile they are in, and calculate the value of the Pay Award based on the moderation outcome and the gap to benchmark. If an allowance is not pensionable (e.g. Airworthiness RRA), we will increase the benchmark to take account of this and to ensure a fair and equitable approach compared to those who have pensionable allowances.

Will I be able to see how my Pay Award has been calculated?

Yes, you will be personally advised by your FDO of your salary increase in July/August and will have sufficient information to determine broadly how your Pay Award was calculated.

I have recently been promoted within DE&S, how will this affect the Pay Award I will receive?

How your promotion will affect your pay award will depend on when your promotion took effect. If you are promoted within the year, your next pay review will be in the next Financial Year.

e.g. If you are promoted in February 2017 then your next pay review will be August 2017.

If you are promoted in July 2017 then your next pay review will be in August 2018.

So any promotions that take effect between 1 April and 31 August 2017 will not see any Pay Award in August that is effective beyond the date of promotion.

If my pay is already above the benchmark, will I still get a salary increase?

Yes, high performing individuals will still be eligible for a salary increase dependant on performance level; although the level of increase will be lower, the higher salary is above the relevant benchmark.

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Pay on external recruitment

If an employee is successful in a job application on promotion that has been advertised before the 1st March using the old pay band salary levels, what salary will they receive on starting the new role?

For roles below SLG, if the advert was placed stating the old grade pay band minimum (e.g. C2 £30,424, C1 £37,071), the procedure started and the employee applied for the role before the 1st April, DE&S will honour the advertised band minima for setting salary on promotion. For roles advertised from 1 April an “up to” salary will be advertised, and the new salary band minimums will be used to determine salary on promotion. For roles in the SLG, if the advert was placed stating a circa salary or a salary range (e.g. circa £75,000 or between £70,000 - £80,000), DE&S will set the salary at the higher of a 10% increase in current salary, or at 90% of the advertised range or circa rate. For example:

If an employee has a salary of £60,000 and achieves promotion to a SLG Role advertised with a range of £70,000-£80,000, a 10% increase in salary would take the individual to £66,000, whereas 90% of the advertised range would be £63,000. Therefore, the new salary would be £66,000.

Pay on a move to a higher level/promotion

Can you please provide more detail on what happens when an individual is promoted to the next level?

If an employee applies for an externally advertised role profile at a higher level and is successful, salary increase will be the higher of:

- 1) Minimum of the higher level salary band or
- 2) 10% increase in current salary

Where an employee moves from a role below the SLG into a role within the SLG, salary will increase by the higher of:

- 1) 10% increase in current salary
- 2) 90% of the advertised range

Where an employee within the SLG applies for an advertised role within the SLG, salary will be increased to 90% of the advertised range. This could mean that if salary is within the advertised range there will be no change in salary. DE&S will retain discretion to make adjustments to salary where deemed appropriate to meet business needs.

How will promotion be managed under the new arrangements for functional management? Will individuals be allowed to apply for promotion, or will that be subject to an FDO/FM decision on readiness?

Currently, employees can apply for an externally advertised role at a higher level, there will be no change to this position for the time being while the balanced matrix model beds in

Why has the promotion policy changed?

There has been no change to the rules on promotion. DE&S' current policy is, and continues to be, that all vacancies are advertised externally at Stage 4 of the CS Jobs process. This will continue, and provides employees with the opportunity to progress to a higher level through fair and open competition. The development of a distinct DE&S Promotion policy will be kept under review as the balanced matrix matures and new HR Policies, processes and tools have been fully embedded into the business.

Pay on a change to role profile at the same level

Will managed moves be permitted after 1 April 17 when the functions ‘stand up’ or will it only be possible with the consideration of the functional manager?

Managed moves will no longer exist in the balanced matrix. The functional manager will be responsible for deployment of functional resource, this may mean that employees are deployed to an assignment in a different area of the business due to business needs. Salary will not change at the point of deployment to a new role profile within the same level.

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Pay on temporary assignment to a higher level

If I am assigned temporarily to a role profile at a higher level, what salary increase will I receive?

If you are temporarily assigned to a role profile at a higher level, you will receive a temporary allowance equivalent to the higher of:

- 1) The difference between your current salary and the minimum of the higher level salary band or
- 2) 10% of current salary

The maximum period that this allowance will be payable is six months.

Pay on moving to/from MOD or OGDs

If you leave DE&S and go to MoD do you still get a Pay and Performance Award?

If you leave DE&S to move to a position in MOD before the Pay and Performance Awards are paid, you may be eligible to receive a Performance Award based on your moderation outcome, this maybe pro-rated depending on the length of time you were in DE&S during the performance year. You will not receive a Pay Award from DE&S as you will be covered by the MOD Pay Award arrangements.

If you leave DE&S and go to another Government Department (OGD) do you still get a Pay or Performance Award?

No, you will not receive a Pay or Performance Award as you have chosen to leave DE&S before the Pay Award payment date. On moving to the OGD you will move to the terms associated with the role you take up, and be subject to the pay award arrangements of that Department.

Higher starting pay

Will Higher Starting Pay still exist in the new structure, it is seen as divisive and demotivating for existing DE&S employees when external recruits are brought in on Higher Starting Pay.

Higher starting pay will not exist in the new structure, when roles are advertised externally a salary range or an 'up to' salary will be published, successful applicants will be appointed to the role at a point within this range. For internal applicants, this will depend on whether the role is at the same, or a higher level than their current. If the role is at the same level, then their salary will not change when they move into the role, but the new role will be reflected in the outcome for the next pay review. If the role is at a higher level, then their salary will be adjusted to the higher of:

- 1) Minimum of the higher level salary band; or
- 2) 10% increase in current salary

Marked time

I am currently on marked time as my pay was originally above the MOD grade maximum, what will happen to this under the new structure?

As part of our new reward structure, the new salary bands are sufficiently broad to enable DE&S to accommodate a range of salaries, therefore, the concept of marked time will cease to exist. As part of the 2017 pay award, those colleagues in receipt of a marked time element will have this consolidated into salary.

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Allowances

Can you please provide more detail on how current RRAs will be incorporated, managed and carried forward into the new reward structure?

As part of this year's Pay Award, a number of functional and general allowances will be consolidated into salary of those in receipt of them, from this point they will cease to exist in DE&S. There will be some functional and general allowances that will remain in operation, most notably Nuclear and Airworthiness, these allowances will be retained and reviewed as part of normal business.

Can you please explain why it has been decided to consolidate some allowances into salary but not others?

When conducting the review into allowances in use in DE&S, and considering what action should be taken in respect to each, a number of factors were taken into consideration; such as the original rationale for the introduction of the allowance, whether the allowance was introduced to address a specific market related difficulty, or whether the allowance related to a specific location only. It was decided that all locational allowances are in place to address specific geographic difficulties, so they will remain in place and kept under review. For the functional and general allowances, where the allowance was established to address certain market aspects of reward, and not related to specific roles, it has been decided that the allowance will be consolidated into salary, where the allowance was established for reasons that are not market based (such as the DE&S Fellowship Allowance) or relate to specific roles and responsibilities (Airworthiness), then they will be retained and kept under review.

Can you please explain why some categories of allowances were included in the review, but others were not?

When determining the approach for the allowance review, it was decided that only regular allowances would be included in the review. We decided that most irregular allowances that are claimable on an ad-hoc basis would not be included in the scope of the review for this year, but they will be monitored and reviewed moving forward. The only exception to this is the deputising allowance, as its use no longer fits in the balanced matrix.

I am occasionally asked to deputise for my line manager and claim a deputising allowance, how will this work in the new structure?

The deputising allowance will no longer exist in the new structure as it is no longer considered appropriate in a balanced matrix or in line with market practice

Transparency/benchmarking

Can you please provide more details on how the industry benchmarking was generated, including confirmation that the benchmarking does take account of the full range of financial benefits that industry tend to have access and to which the public sector does not. For example, does the industry benchmark include share options, bonuses, health insurance, company cars etc.?

To conduct benchmarking against roles in DE&S, we use a world leading benchmarking organisation called Towers Watson with a comparator group of similar companies. We engaged with the CFMs to help us understand each role so we can match them with similar roles in the market.

Our benchmarks are set in the context of 'total reward', which includes base pay, allowances, incentives, pension and other benefits. We also consider market competitive levels of incentives such as annual bonuses in setting our benchmarks in the context of total reward.

You say that total fixed pay is used when benchmarking, what does this mean?

We use total fixed pay when determining any gap to the market benchmark. Total fixed pay includes base salary, regular allowances, the cash value of key benefits, and pension. We use a pension value of 21% of base salary, based on the Government Actuary Department's calculation of the average employer contribution rate. Regular allowances include items such as RRAs and general allowances but do not include ad hoc allowances such as additional hours payments.

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Will you be releasing the market benchmarks?

You will be personally advised by your FDO of your pay increase in July/August and will have sufficient information to determine broadly where your pay is relative to your benchmark. We will not publish the benchmarks given the confidential personal nature and commercial sensitivity of such data.

As part of consultation, have the trade unions been engaged and allowed to review the Industry benchmarking?

During pay negotiations, we have not allowed the Trade Unions to review the individual benchmarks as this information is commercially sensitive, and the Trade Unions represent members in other organisations, including our competitors and suppliers.

How and when will be benchmarks be reviewed every year and aligned with the pay reward? (The guidance implies an annual review. If so, please confirm and when this shall be conducted each year)

Benchmarks will be reviewed annually and will inform our pay review process and budget.

Can you provide more information on the scheme into which the industry benchmarked teams provided their reward data? The reason is that there is curiosity as to the motivation of the scheme participants and whether this represents a potential collusion between the participants to suppress reward across the sector.

We use a world leading benchmarking organisation called Towers Watson to provide us with data to conduct benchmarking, Towers Watson provide data to a large number of organisations across the UK and the rest of the world, which organisation use to competitively set salary levels. As part of our commercial arrangements with Towers Watson, we are required to not share the data that is provided in commercial confidence. Due to the nature of Towers Watson's business, they work closely within the parameters of Data Privacy and Competition Acts to ensure that information is not shared and used to fix markets.

Can you provide confirmation on how the estimate that the MOD pension is worth 21% of salary has been verified and by whom, for example has the 21% figure been independently verified by those without a potential conflict of interest?

A figure of 21% has been used to value the employer contribution rate to the Defined Benefit CARE pension scheme (ALPHA). This figure has been confirmed by the Government Actuary's Department as being the average employer contribution rate that is made to the scheme.

Performance management/discrimination

Are reasonable adjustments taken into account during the performance review?

When an employee has a declared disability, it is the responsibility of the manager (FDO and DM) to put in place reasonable adjustments. At the point at which you are setting objectives it is therefore important to ensure that reasonable adjustments are taken into account. The aim must be for employees to be given fair opportunity to demonstrate their performance and contribution to the business, with objectives set against which they can be fairly judged.

What constitutes a reasonable adjustment will depend entirely on the employee and the role they fulfil. The FDO should have this conversation with the employee at the start of the year and work with the relevant DM to ensure that in each assignment, the adjustment is in place to allow the employee to perform to the role profile. If in doubt the FDO should take specialist advice. For further information, please contact the Diversity & Inclusion CoE.

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Pay for apprentices and graduates

How will the re-grade of the successful completion of apprentice and graduate schemes be calculated?

The arrangements for DE&S apprentices and graduates moving to a new role profile on successful completion of their scheme will vary depending on the existing rules for their relevant scheme, which will be adjusted to reflect the new reward structures, for example:

Engineering Graduates

On first appointment to a role profile on scheme completion, DESG Engineering Graduates will be moved to an Engineering Manager or Technical Specialist role profile at Senior Administrator/Senior Specialist level, at which point salary will be adjusted to £30,500, and will remain at this level until the Pay Award in the financial year following the appointment, where eligibility for a salary uplift will be based on individual performance and position against market in line with DE&S reward strategy.

D Tech Engineering Apprentices

On first appointment to a role profile on scheme completion, Engineering Apprentices will be moved to an Engineer or Technical Specialist role profile at Administrator/Specialist level, at this point salary will be adjusted to £24,500 and will remain at this level until the Pay Award in the financial year following the appointment, where eligibility for a salary uplift will be based on individual performance and position against market in line with DE&S reward strategy.

Will apprentices and graduates be eligible to earn an annual Performance Award?

As existing apprentices and graduates do not participate in the performance management process, they will not be eligible to receive an annual Performance Award; they will continue to be rewarded in line with the existing rules of the relevant scheme. This will be kept under review for future schemes.