stockport homes group Pay policy

21 June 2021

1. **Introduction and Context**
   1. Stockport Homes Group (SHG) is a Values driven organisation that aims to deliver excellent services to customers across all of its operations. To do this it must attract, retain and motivate high caliber people with the necessary skills, knowledge and experience. One way of attracting and retaining talent is to have meaningful, fair and competitive pay and reward policies. SHG seeks to offer pay and benefits competitive with other leading organisations both in the surrounding area and in the housing sector, whilst ensuring that the Values of the Group and the sector it operates in are embedded in its approach.
   2. The strategic objectives of SHG’s overall approach to reward and recognition are to:

* Ensure the Group demonstrates Value for Money in its approach to reward and recognition, by having robust processes in place to determine pay and by measuring achievements through people management processes. This will ensure excellent services continue to be delivered for customers and SHG continues to be high performing, whilst delivering efficiencies.
* Ensure partners and stakeholders have confidence that the Group use its resources appropriately, by having a strategic and meaningful Pay Policy that has external checks and balances in place and robust internal governance.
* Enable the Group to attract, retain and motivate exceptional employees by offering a competitive reward package, including salary and benefits, but also non-financial reward and recognition schemes that engage employees and align the values and culture of the organisation;
* Foster a high performing and customer focussed organisation by creating a positive workplace where people see an opportunity for individual growth and development and are rewarded for their contribution to the organisation’s success;
* Ensure excellent people management initiatives and outcomes are linked to reward and recognition;
* Meet the current and future needs of the Group structure.
* Ensure SHG meets its obligations under the Regulator of Social Housing’s Value for Money Standard and Code of Practice
  1. The objectives of this pay policy are to:
* Ensure that SHG’s remuneration arrangements follow recognised good practice, maintain standards of probity and comply with regulatory requirements;
* Set out the framework within which current rewards and benefits received by all employees working for SHG are agreed and reviewed;
* Ensure that levels of pay and benefits are appropriate, balancing risk and reward and are in line with business objectives;
* Ensure that arrangements for remuneration are fair, open and transparent, and that staff belief is that SHG’s offer is a fair deal;
* Ensure pay levels are aligned to SHG’s Values and social housing context;
* Ensure that remuneration and any relevant legislation is regularly reviewed by the Board to ensure that rewards are set at appropriate levels to attract, retain and motivate the right calibre of employees at all levels, whilst considering the Group’s business objectives and overall management costs;
* Give employees options that enable them to support SHG’s approach to Corporate Social Responsibility;
* Enable employees to use a portion of their pay to access flexible benefits e.g. buy additional holidays.

**2 Delegated Authority**

2.1 The Board has a strategic role in setting the Mission and Aims of the organisation and shaping its culture. The Board has the overall responsibility for agreeing policies relating to remuneration, recruitment, diversity, equal opportunities and severance policies within the organisation.

2.2 The Board sets the Remuneration Policy for the Senior Leadership Team (SLT)[[1]](#footnote-1) and has delegated the approval of the Group People and OD Strategy to the Operations Committee. SLT is responsible for the implementation of the People and OD Strategy and remunerations policies for employees.

2.3 The Nominations and Appointments Committee review and advise the Board on the appropriate approach to SLT pay, considering independent advice and good practice within the sector.

2.4 SHG is committed to ensuring that equality in employment is reviewed regularly through its equality and diversity employment statement, which provides a framework for ensuring best practice is followed.

1. **Determining Pay**

Pay sources and measures

3.1 SHG uses a range of sources and measures, including NJC[[2]](#footnote-2) pay scales, independent pay benchmarking and general market factors, to set pay levels and to check that pay continues to reflect SHG’s Values, strategic pay objectives, and that it remains competitive within the housing sector. Pay measures can vary between the group companies but follow similar principles.

3.2 NJC pay scales are used for all SHL employees and grades up to M Band 3 and nationally agreed increases to these scales are applied. Grade of roles are determined through an analytical job evaluation scheme.

* 1. Market benchmarking is used to check that the pay scales used are competitive and relative to the relevant markets. Where market benchmarking is used, the general aspiration is to set pay at a “median” benchmark. The principle of paying median is based on the overall reward package, i.e. whilst SHG expect upper quartile performance, a generous and competitive benefits package is offered in addition to salary.

UK Wage Rates

3.4 There are currently 3 strands of UK wage rates, the minimum wage, the National

Living Wage and the Real Living Wage. SHG is committed to be a Real Living Wage employer which means no SHG colleague will be paid under the living wage as defined by the Living Wage Foundation. This forms part of the annual salary review.

Moderation and other factors

* 1. SHG recognises that pay benchmarking is not always an exact science, i.e. it does not take account of the individual values of the Group, and it can be distorted by a range of factors, such as breadth of roles and responsibilities, internal relativity, business need and market forces, or an individuals’ own development journey.
  2. These factors will be taken into account and may result in the need to set pay above or below the median. In such circumstances the Chief Executive will work with the Assistant Director - People and OD to ensure fair and transparent moderation is applied.

3.7 Incentive Schemes specific to SHG individual activities, markets or expertise requirements may be relevant and will be considered as appropriate. In such circumstances of an incentive scheme being introduced, there will be a justification and business case for its implementation.

Individual Company Approach

* 1. SHG recognises that, due to the diversity of operations delivered across the Group, a blanket pay policy is not feasible as it will not allow for subsidiaries to offer pay that is relevant to their particular sector. Pay is therefore set using different tools within each company. However the over-arching principle of setting competitive, transparent and benchmarked pay is relevant to all.

Stockport Homes Limited

## SHL roles are evaluated using the agreed job evaluation scheme which will consider the differences in responsibilities, job content and skills and knowledge required. An independent pay benching exercise will also be completed regularly to ensure the job evaluation scheme remains in line with market trends;

## SHL uses the NJC pay scales for grading and basic salary level determination for most staff; nationally agreed increases are applied to this scale;

* Incremental progression for eligible employees is applied annually on the 1st April. There is the opportunity of achieving a double increment for exceptional performance. Incremental progression is not applied where an employee has failed to meet satisfactory standards of performance;
* New appointments will normally be made at the minimum point of the relevant grade, although recruiting managers have discretion to vary where necessary to secure the best candidate by recognising exceptional skills and experience. Where evidence exists of recruitment and retention issues, additional payments can be made to reflect the market rate;
* If on appointment development needs are identified to meet the requirements of the role, a team member may be paid below the advertised grade. In these circumstances a development programme, including salary progression, will be developed and agreed and must be completed satisfactorily to progress to the appropriate grade for the job;
* All promotion, re-grading, secondments and honorarium payments are in accordance with SHG policies.

Three Sixty and Foundations

* Roles within the subsidiaries are paid on spot salaries, determined by pay benchmarking or in accordance with agreed parameters with funders / partners for services and contracts delivered via external funding.The level of pay within the subsidiaries are set using market comparisons, considering factors such as skills shortage in the labour market, attracting and retaining specialist skills to the organisation, pay in other parts of the Group and the need to attract the best talent;
* Three Sixty has a three point pay scale for all roles in construction. Starting salary within the scale is dependent on skills, qualifications and experience, in accordance with agreed criteria. Unlike SHL, this is not an incremental scale with no guarantee of progression from points one to three. This is dependent on development within the role and overall level of skill and ability, combined with level of qualification attained.

**4 Wider Leadership Team Pay**

4.1 It is essential that Stockport Homes has a leadership team that are exceptional leaders and role models for the organisation, that have the strategic vision and drive to meet the challenges of the group structure, and the creativity and innovation to seize opportunities and translate them into tangible outcomes. The reward and recognition package of the leadership team must ensure SHG are able to attract and retain such individuals, by being competitive with the market.

4.2 The Nomination and Appointments Committee review and advise the CEO on the reward and recognition package for SHG’s wider leadership team, based on the recommendations of SLT. An independent external consultant acting as an advisor to SLT will carry out research and other benchmarking regularly.

4.3 SHG’s wider leadership team are paid in accordance with the following:

* Spot salaries are paid, determined by pay benchmarking using market data, which is completed regularly;
* The aim is to pay salaries at the median of market rates. However, as with other roles, moderation will be applied where individual circumstances, internal relativity, business need and/or market forces may mean this is not always appropriate or feasible;
* Increases in salary linked to the market will only be awarded to individuals demonstrating competence to do their job and where their performance is confirmed as having achieved expectations. Whilst cost of living reviews are contractual, no increases based on a review of the market are awarded where an individual is deemed to have unreasonably failed to deliver their agreed objectives;
* Salary may be increased from time to time at the Chief Executive’s discretion without affecting other terms of employment. There is no obligation to award an increase outside of the JNC[[3]](#footnote-3) and NJC[[4]](#footnote-4) nationally agreed pay agreements;
* A Pension Allowance equivalent of the employer pension contribution is paid as an allowance to anyone affected by changes to the Lifetime Allowance, who chooses to opt-out of the pension scheme.

**5 Charitable donations and flexible benefits**

5.1 SHG has a strong approach to Corporate Social Responsibility, giving something back and embedding its Values in all it does. SHG will provide a range of options to team members who may wish to donate part of their salary, or other benefits, to a charity of their choice. This decision is entirely a personal one and should be made considering any relevant tax implications.

5.2 SHG recognise that some employees may prefer to increase elements of their benefits package, rather than increase their basic pay, when pay increases become due. In order to facilitate this, SHG will keep under review its benefits package, in line with tax regulations, to provide such flexibility and expand the offer, where possible.

**6 Pay Related Procedures**

6.1 Several procedures are in operation that impact upon and determine the remuneration of SHG employees and should be referred to in conjunction with this Policy. These are:

* Job Evaluation
* Pay Protection
* Payroll Procedures
* Performance Management
* Incentive Schemes

**7 Strategic Links**

7.1 This policy links to and/or supports the following strategies and policies within the organisation:

* Stockport Homes Group 3-year Business Plan 2020-23;
* People and Organisational Development Strategy 2018-21;
* Core HR Policies;
* Approach to Workforce Planning.
* Pension Strategy

**8 Equality Impact Assessment (EIA)**

8.1 An EIA has been completed and found that the nature of employees in Foundations tends to be younger and female, and potentially maternity provisions could be negative compared to SHL. As part of a review of terms and conditions of employment that is currently underway in Foundations, a recommendation will be to equalise maternity provisions with SHL.

**9 Ownership, Monitoring & Review**

9.1 This Policy is owned by the Assistant Director - People & Organisational  
Development, who will monitor its implementation. This will be overseen at a

strategic level by the Executive Director of Resources.

* 1. The effectiveness of the Policy will be assessed through:
* Best Companies results;
* IiP assessment;
* Number of successful recruitment campaigns;
* Retention rates.

9.3 This Policy will be reviewed every three years, to ensure it continues to meet the business needs of the Group and supports Stockport Homes’ position as an “Employer of Choice”.

1. Provision 3.9, of Section 3 – Powers that may be delegated by the Board [↑](#footnote-ref-1)
2. National Joint Council [↑](#footnote-ref-2)
3. Joint National Committee [↑](#footnote-ref-3)
4. National Joint Council [↑](#footnote-ref-4)