University of Nottingham Guide to Pay and Progression

The University has implemented the Hay Job Family and Role Profile methodology as the basis of its pay and grading framework.

The key principles of this structure are as follows:

**Identify all jobs that are to be covered by the University Pay and Grading methodology**

**Group Jobs into like areas of activity (Job Families)**
Identify levels of work within each family

Develop an evaluation framework

Develop and apply a salary policy
As a result of applying the Hay Methodology the University of Nottingham has developed:

- A seven level grade structure
- A series of Job Families including:
  - Research and Teaching
  - Administrative, Professional and Managerial
  - Technical Services
  - Operations and Facilities
  - Child Care Services
- The six level grade structure is assimilated to the national HE pay framework using market data for roles within and outside the HE Sector.

This pay assimilation step has enabled the University to create appropriate salary scales for each job level that are appropriate to the market. This enables the University to attract and retain the right calibre of staff whilst managing the level of affordability for the University.

Research and Teaching, Administrative, Professional and Managerial, Technical Services, Child Care Services salary bands are constructed in the following way (see Operations and Facilities Job Family salary review procedure) for details on the pay and progression structure for the O&F Job family).

Note: the length of the pay ranges and number of increments may differ between different Job levels.
The general principle of the salary ranges depicted above is:

- New entrants to the University would be recruited at the bottom or towards the lower end of the Progression Range.
- Over time, staff would move towards the pay range maximum (Market Anchor) which reflects the position of a fully competent and experienced performer within the University.
- Recognition beyond the pay range maximum (Market Anchor) will be through continued and consistent contribution which is regularly above the performance expectations of the role, measured through the PDPR process.

**Pay Progression**

Pay progression is based on four factors:

- The outcome from the annual review of salary, often referred to as the cost of living salary adjustment
- Individual performance, measured through the PDPR
- Relative position of the role holder within the salary band
- Affordability

The following diagram illustrates how these factors are brought together to effect individual pay progression

### Pay and Performance Framework

<table>
<thead>
<tr>
<th>Performance</th>
<th>Cost of Living Increase +</th>
<th>Cost of Living Increase +</th>
<th>Cost of Living Increase +</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 PB</td>
<td>1 Increment</td>
<td>1 Increment</td>
<td>Non-consolidated Payment</td>
</tr>
<tr>
<td></td>
<td>(Proportion influenced by</td>
<td>(Proportion influenced by</td>
<td>(Proportion influenced by</td>
</tr>
<tr>
<td></td>
<td>affordability)</td>
<td>affordability)</td>
<td>affordability)</td>
</tr>
<tr>
<td>1</td>
<td>Cost of Living Increase +</td>
<td>Cost of Living Increase +</td>
<td>Cost of Living Increase +</td>
</tr>
<tr>
<td></td>
<td>1 Increment</td>
<td>Non-Consolidated Payment</td>
<td>Non-Consolidated Payment</td>
</tr>
<tr>
<td></td>
<td>(Proportion influenced by</td>
<td>(Proportion influenced by</td>
<td>(Proportion influenced by</td>
</tr>
<tr>
<td></td>
<td>affordability)</td>
<td>affordability)</td>
<td>affordability)</td>
</tr>
<tr>
<td>2</td>
<td>Cost of Living Increase +</td>
<td>Cost of Living Increase</td>
<td>Cost of Living Increase</td>
</tr>
<tr>
<td></td>
<td>1 Increment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cost of Living Increase</td>
<td>Cost of Living Increase</td>
<td>Cost of Living Increase</td>
</tr>
<tr>
<td></td>
<td>^{(1)(2)}</td>
<td>^{(1)(2)}</td>
<td>^{(1)(2)}</td>
</tr>
</tbody>
</table>

Position in the pay scale

<table>
<thead>
<tr>
<th>Position</th>
<th>Between Minimum and Maximum (Pay Anchor)</th>
<th>Between Maximum (Pay Anchor) and super max</th>
<th>Super max and above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(1) If the role holder has received a level 3 rating for 2 or more years in succession, the University may withhold the Cost of Living increase or defer the payment of it until the required performance level has been achieved.

(2) Depending on when the individual was informed of their performance level. If the individual had been given development and time for improvement prior to the annual appraisal then pay progression may be withheld. This should be discussed with the relevant HR Business Partner.

The proportion of individuals across the University awarded ‘1’ rating is currently controlled by a principle of managed distribution. Each year the University will determine the level of budget being allocated for additional pay progression based on exceptional performance.

Performance Bonus (PB) % will be set each year by the University. The PB payment will be a one-off non-consolidated non-pensionable payment paid in August which is the equivalent to the agreed percentage of base salary as at the April preceding 1 August.

The matrix above illustrates the relationship between the key factors of performance rating, position in the salary band and affordability.

Therefore an individual whose performance is rated as ‘1’ and whose position in the salary scale is ‘low’ can expect a higher pay increase that the standard (single increment and cost of living). Alternatively, an individual whose performance is ‘2’ and whose position is high in the pay scale will not receive a pay increase over and above the cost of living increase for that year.

This mechanism facilitates accelerated progression for those at the lower end of each pay scale i.e. below the maximum (market anchor), whilst continuing to reward the highest performers.

It also underlines that individuals whose current pay is in the upper end of the pay scale i.e. above the maximum (market anchor), can achieve the standard pay award (single increment and cost of living), but only by delivering continued exceptional performance rated ‘1’ within the PDPR system.

The matrix above also recognised that the University expects staff to be developing within the ‘progression range’ and as such, will continue to reward them as ‘effective performers’, although it is beneficial to recognise that staff are still developing in post to support the development process.