

# **Pay Strategy for Country- Appointed Staff**

## **Pay Policy**

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## Overview

This section provides information and advice on pay for country-appointed staff in British Council offices. The guidance should not be used for Enterprises (ENTS) staff, such as teaching and exams staff and UK-appointed staff overseas, who are subject to different terms and conditions of service. It covers:

- pay policy and philosophy
- total reward approach to pay
- performance-related pay
- communicating pay information to staff.

For information on pay systems and pay reviews for country-appointed staff, see Pay Systems for Country-Appointed Staff and Conducting Pay Reviews for Country-Appointed Staff.

## Audience

This section applies to country-appointed staff only.

## Responsibilities

This guidance should be read and followed by:

- Country Director
- Human Resources (HR) managers
- other managers who are responsible for managing pay for country-appointed staff.

## Glossary

The following terms are used throughout this section:

- **Median:** The term given to a salary that falls in the middle of a list of salaries that are ranked from the highest to the lowest.
- **Upper quartile/lower quartile/inter-quartile range:** In a salary survey data, salaries that fall within the top 25 per cent highest salary group are said to be in the upper quartile range, while those in the bottom 25 per cent lowest salary group are said to be in the lower quartile range. The middle 50 per cent salary group is known as the inter-quartile range.
- **Pay spread or range:** Describes, in percentage terms, the width of a salary scale, between the minimum and maximum salary.
- **Midpoint:** Used to denote the salary that is half way between the minimum and maximum.
- **Pay differential:** Used to describe the difference in salary between two grades. It is often expressed in percentage terms by calculating the difference between the midpoint salary of the two grades.
- **Overlap:** Describes, in percentage terms, the degree of overlap between the highest salary in a lower grade and the lowest salary in the next higher grade.

## Corporate pay philosophy

- The British Council's corporate pay philosophy is based on:
  - the ability to offer a competitive package to recruit, retain and motivate staff with the appropriate set of skills, knowledge and competence that enable the organisation to meet its business objectives

- to explore basing an element of staff reward on contribution and performance, rather than solely compensating staff for loyalty or length of service, or simply basing salary on cost of living factors only.
- reward approach

The British Council takes a total reward approach to pay. In addition to the financial reward of base pay, benefits and allowances that are offered to staff, non-financial benefits are also an integral part of the overall reward package. These are typically:

- investment in learning and personal development
- a good working environment
- an open management style
- individual empowerment.

The total reward approach reflects the view that staff, as individuals, are motivated by a variety of factors and not just pay. It also seeks to convey to staff the British Council's unique employment offer.

With this in mind, it is important that adequate attention and consideration is given to the non-financial element of the reward package, for example, by ensuring:

- investment in learning and development complies with the corporate guidelines of three per cent of payroll
- feedback from the annual staff survey is acted on and implemented promptly.

## Policy

- The British Council's corporate pay policy is governed by the UK Treasury guidelines which stipulate that the British Council must neither lead nor lag behind the market in terms of pay. This means that the British Council's pay stance must be aimed at the median or middle of the market, unless there are specific recruitment and retention problems. In this case, there is flexibility to move toward the high end or upper quartile pay range of the market to recruit and retain appropriate staff.
- Pay policy is determined by four factors: market practice, recruitment and retention issues, cost of living or inflation and affordability or budget. None of these factors, individually, influence pay but rather collectively help inform decisions on pay. However, affordability or budget plays a significant role.
- It is now corporate policy to de-link from the Foreign and Commonwealth Office's (FCO) pay and benefit system. De-linking from the FCO provides overseas offices a number of advantages, notably the ability to determine, plan, implement and control pay according to the specific needs and requirements of the British Council. All offices that have not de-linked already should be planning to de-link as soon as is practicable.
- Staff salaries are normally paid in local currency. However, staff may be paid in hard currency in some circumstances, such as when the country's economy is severely in crisis and it is market practice to pay salaries in hard currency. If a British Council office wishes to pay salary in hard currency, approval is required from Head, HR Pay and Employment Relations (HR PER) in HR, London.

**Performance-related pay**

Performance-related pay is mandatory for staff in the UK because of Treasury requirements and has become part of UK pay policy. Overseas, British Council offices have more scope on whether to link pay to performance.

If any British Council office is considering introducing performance-related pay, it must:

- consult extensively with staff to ensure there is buy-in and clear understanding of what performance related pay will entail
- provide training on performance management and personal development (PMPD) for all staff
- put in place an annual moderation process to ensure performance ratings are applied consistently throughout the office.

**Communicating pay information to staff**

It is very important that policy on pay and how the pay system works is clearly communicated to staff, as they need to understand how their pay is determined. Clear communication on pay plays a big role in establishing good employee relations and individual commitment and motivation.

Therefore, all British Council offices must ensure the terms and conditions of service document includes information on the pay policy, pay system, pay scale and benefits.