

Pay Systems for Country- Appointed Staff

Pay Policy

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Overview

This section provides advice and guidance on pay systems for British Council country-appointed staff. Refer also to Pay Strategy for Country-Appointed Staff.

Audience

This section applies to country-appointed staff only.

Pay systems

The British Council currently operates two types of pay systems:

- incremental pay system
- pay system consisting of minimum and maximum of salary only (that is, with no incremental steps in between).
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Most British Council offices operate either one of these schemes, although offices are being encouraged to move to a pay system with a minimum and maximum of salary only. Other pay systems do exist, but only these two systems are currently supported by HR Pay and Employment Relations (HR PER).

If any British Council office wishes to change its existing pay system, it must first agree it with HR PER and obtain the delegated authority to operate within the agreed pay system. The agreement with HR PER is required to ensure there is consistency in the way pay policy and pay systems are applied throughout the organisation.

Incremental pay system

An incremental pay system normally consists of incremental steps which usually increase from one to 12. However, it is possible to have more than 12 steps, with 20 steps often being the maximum.

This type of pay system can be traditional, and often rewards staff for length of service and loyalty as staff salaries usually go up by one incremental step automatically each year on the anniversary of the date of appointment.

The disadvantages are:

- It can be rigid. Although the system can be related to performance by linking the step movements to satisfactory or successful performance, it provides very little scope for flexibility. The value of the incremental step is also often too small, averaging at about three per cent, to make it a meaningful reward.
- It can sometimes have a demotivating impact on staff, for example if the office has low turnover and staff reach the top of their pay scale very quickly but are unable to move up on promotion.
- An incremental pay scheme may sometimes lead to salary drift as the whole scheme is re-assessed when it is reviewed rather than simply focusing on elements of the salary scale that need revising or adjusting. The re-assessment is also often linked to inflation or cost of living rises, thereby conveying the message that pay increases are primarily determined by this factor only.

However, in some offices where staff have a low tolerance for uncertainty or low trust in management, incremental pay schemes are preferred as staff like the reassurance of knowing exactly what their pay increase will be each year.

Minimum and maximum of salary pay system

A pay system consisting of a minimum and maximum of salary is a very flexible pay system that can be adapted according to the needs of the office. At the corporate level, it can be designed so that staff are rewarded for performance or competence (for example, team work) that is related to organisational objectives.

British Council offices are encouraged to move to this type of pay system rather an incremental scheme, as the British Council no longer rewards staff for length of service or seniority, but rather for their contribution to meeting organisational objectives within the remit of affordability.

In a pay system consisting of a minimum and maximum of salary, staff progress along their respective salary scale through percentage-related pay increases and receive a non-consolidated one-off payment or bonus once they reach the maximum of their salary scale. Pay increases are normally awarded on a single date for everyone, and not on the anniversary of the date of appointment. A formula for converting pay award dates from the anniversary of the date of appointment to a single date is given in Formula for converting pay award dates below.

The annual percentage pay increase may be either wholly or partly related to performance, although increasingly it is more common for all of the pay increase to be related to performance. The entire pay scale can also be easily adjusted to reflect appropriate differentials and overlaps between grades as well as keeping the salary range broad or narrow.

Formula for converting pay award dates

It is recommended that the annual salary increase is paid on, for example, 1 September for all staff.

To move staff from their respective incremental date, staff must be reimbursed for the number of months between their last increment and 1 September 2003. This means that increments are paid on a pro rata basis.

For example, if Jo Bloggs is due an increment on 1 January 2004, he will receive 8/12 of the increment, as there are eight months between his last increment on 1 January 2003 and the new date 1 September 2003. This will be a consolidated payment.

The table below shows some date conversions:

Date received last increment	Pro rata increment
September 2002	12/12
October 2002	11/12
November 2002	10/12
December 2002	9/12
January 2003	8/12
February 2003	7/12
March 2003	6/12
April 2003	5/12
May 2003	4/12

June 2003	3/12
July 2003	2/12
August 2003	1/12

Comparison between the pay systems

Pay system	Advantages	Disadvantages	Suitability
Incremental	Staff know exactly what they are getting each year and can therefore plan.	Limited flexibility. Can lead to salary drift. Supports concept of automatic pay increases.	Appropriate in office cultures with low tolerance for uncertainty or low trust in management.
Minimum and maximum of salary	Highly flexible. Can be adapted to meet changing needs, for example, introducing bonus system, linking pay to competence or contribution.	May be difficult to introduce in offices where staff are only used to an incremental pay scheme.	Appropriate in offices where staff feel comfortable with this concept and there is sufficient expertise to administer this type of pay system.