



# Reward Strategy

## PEOPLE AND CULTURE

This document sets out the University's reward strategy. It has been developed through consultation and takes into account a range of information from Cranfield, the HE sector and wider market practice, and aligns to our core values. It will be kept under review and may be adjusted, depending on the University's strategy and circumstances, the state of the market, the requirements of key stakeholders and the Regulator (Office for Students (OfS)).

### Definition of reward

Reward is a combination of different elements. Cranfield's reward offer includes:

- A package of pay and benefits which is competitive in the market and which reflects everyone's role and contribution.
- The opportunity to carry out interesting work which makes an impact – on students, the institution, industry and society.
- Access to development and support for all our people.
- Access to career opportunities.
- A culture and community where we respect everyone and we value diversity and support wellbeing.
- The opportunity to work alongside colleagues and with an organisation that recognises and celebrates ambition and success.

### Purpose

The purpose of the reward strategy is to:

- Enable the recruitment and retention of people with the talent, skills and commitment the University needs.
- Support the delivery of the University's strategy, priorities and targets, and demonstrate and underpin our core values.
- Provide an environment where everyone can achieve their full potential and contribute at their best.

### Principles

We will:

1. Reward our people for the work they do and how well they do it.
2. Ensure rewards are competitive in the sector and where relevant in the wider market.
3. Ensure reward arrangements reflect the nature of the work and the market for the skills concerned.
4. Ensure rewards are fair and equitable.
5. Provide the opportunity for everyone to develop and progress in their career.
6. Promote a culture which values diversity, supports wellbeing and embodies our core values.
7. Celebrate and recognise success.

8. Communicate the full value of pay and benefits as part of our total reward offer.

## Taking principles into practice

The table below summarises how we will put our principles into practice.

| Principle  | What we will do   |
|--|---|
| 1. Reward people for the work they do and how well they do it                                | Maintain our pay and benefits structures to match the level and type of role and provide the mechanisms for performance to be recognised and rewarded.  |
| 2. Ensure rewards are competitive  | Undertake regular monitoring on external market practice – in the higher education sector and beyond – and consider internal indicators, such as recruitment, retention and staff opinion.  |
| 3. Ensure rewards reflect the nature of the work and the market for the skills concerned     | Have distinct policies for different groups of roles but founded on the same principles (see below). Allow for pay differences where they are well justified by market evidence.  |
| 4. Ensure rewards are fair and equitable   | Create and maintain policies and governance structures which promote fairness and conduct and where appropriate, undertake reviews of their impact (e.g. biennial equal pay review, annual gender pay reporting and workforce audits).  |
| 5. Provide the opportunity to develop and progress   | Offer programmes of training and development and provide the opportunity to discuss job and career development with line managers and People and Culture.   |
| 6. Promote a culture which values diversity, supports wellbeing and embodies our core values | Embed our shared values within the university, to support the University's transition to becoming a modern inclusive employer and enhancing our Employee Value Proposition. Delivering on our key targets in our Diversity and Inclusion Plan, Athena Swan Action Plan and other related initiatives and providing an environment which looks after everyone's wellbeing. |
| 7. Celebrate and recognise success   | Promote and keep under review all forms of recognition, ranging from 'thank you' to a formal salary adjustment, bonus or use of the recognition scheme, to ensure appropriateness to the role and its setting.  |
| 8. Communicate the full value of pay and benefits  | When we have the supporting systems in place, provide an annual statement of the value of the pay and benefits package, in the context of the total reward offer.   |

## Policies

In keeping with our third principle, the approach to pay and rewards will reflect the character of each job family. There are differences in: whether salaries are a spot rate or sit within a range; the markets used for benchmarking pay and reward practices; and how performance is recognised and rewarded (although all staff are subject to a performance and development review on an annual basis).

All policies take account of:

- The distinctive character of Cranfield, as a postgraduate institution which has close links to and partnerships with industry.
- Governance requirements, including those set out by the Office for Students and the Committee of University Chairs.
- The need to secure value for money.

## **a) University Executive**

Rewards for members of the University Executive are determined and reviewed by the Remuneration Committee, who have full delegated authority for the salaries and other emoluments, terms and conditions and, where appropriate, severance payments of:

- the Vice-Chancellor & Chief Executive;
- full members of the University Executive;
- and such other senior members of staff as decided by Council.

Our Executive reward reflects the need for competitive spot salaries and includes an incentive scheme, which is appropriate for jobs at this level and provides a strong link to performance. The package includes USS pension or a payment in lieu for those who have reached their Lifetime Allowance, plus optional USS Life Assurance.

The latest policy and its application each year are described, along with the benchmarking arrangements, in the Annual Report and Financial Statements.

## **b) Senior managers**

Rewards for senior managers are determined by the Vice Chancellor & Chief Executive and the Executive Team. The Remuneration Committee has oversight of the remuneration of all members of the Senior Management Team and any other staff earning £100,000 per annum, or above.

The policy for this group provides for spot salaries to reflect the role, the market and the value of the individual to the University. Amounts are benchmarked mainly against other universities, with a check on other markets where appropriate. Performance can be rewarded with a non-consolidated annual bonus, linked to the achievement of agreed performance indicators aligned to the delivery of the Corporate Plan and a qualitative assessment of individual contribution and wider contribution to the Executive Team.

Senior managers are also eligible to receive the annual negotiated pay settlement with the Trade Unions (normally taking effect from 1 August).

The package includes USS pension provision or a payment in lieu for those who have reached their Lifetime Allowance, plus optional USS Life Assurance.

## **c) Professors**

Rewards for Professors are determined by the Vice Chancellor & Chief Executive and Executive Team through the annual review and the Professorial Pay Review processes, within a policy agreed and assured by the Remuneration Committee. The Cranfield University Professorial Salary Review Scheme was established to provide a transparent framework for competitive performance-related remuneration of the professoriate.

Professors are recruited and retained in a distinctive national and international market, in which identifying, benchmarking and rewarding different levels of professorial contribution has become common. Cranfield's policy provides for four levels of professor, each with a standard pay range. Performance is recognised by remuneration within the level and exceptionally by change of level. Variations in market rate are handled through evidence-based market supplements.

On an annual basis, the overall performance of Professors is assessed against generic academic standards tailored to individual targets established through annual Performance and Development Reviews together with the annual assessment of the individual's contribution to the School by the relevant Pro-Vice-Chancellor. There is also the opportunity for advancement via exceptional management-led recommendations for outstanding performance.

The Professoriate are also eligible to receive the annual negotiated pay settlement with the Trade Unions (normally taking effect from 1 August).

The Professorial Pay Review, undertaken on a triennial basis, supports the review of all professorial salaries to provide consistency of approach across the University and is informed and benchmarked against relevant peer groups within the higher education sector and beyond.

The package includes USS pension or a payment in lieu for those who have reached their Lifetime Allowance, plus optional USS Life Assurance.

#### **d) Staff within Salary Level 1 to 7**

Rewards for staff within salary levels 2 to 7 are determined through both an annual negotiated pay settlement with the Trade Unions (normally taking effect from 1 August) and a governed annual review management process (normally taking effect from October of every year). The salary structure has strong parallels with the nationally negotiated Pay Framework Agreement for university staff, but recognises the distinctive nature of Cranfield.

Each salary level has related pay ranges, which are determined and reviewed taking account of practice in the sector. The salary levels have a core of increments, through which staff move, subject to satisfactory performance, on an annual basis. Once an individual reaches the top of the incremental range, performance over time can be recognised through use of a high-performance zone (salary levels 3 to 7).

Exceptional performance or one-off achievements can be recognised through a non-consolidated Recognition Award Scheme.

The package includes pension provision linked to the level and type of role, or where appropriate a payment in lieu for those who have reached their Lifetime Allowance, plus for those in USS, optional USS Life Assurance.

The University is an accredited Living Wage Employer and rates for Level 1 staff align with the Living Wage Foundation rates.

During the year, we have been undertaking a review with external reward consultants to ensure our pay framework remains relevant, allows for flexibility and is both competitive and innovative in this volatile market. The external pay consultants met with a number of key stakeholders, including our Chief Operating Officer, Director of Finance, Director of People and Culture and our recognised Trade Unions, before making their recommendations. As a result, we are making changes to our pay framework for Level 2 to 7 over a phased two-year period.

### **Document control**

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### **Document Review**

| <b>Version</b> | <b>Amendment</b>                                   | <b>By</b>                            | <b>Date</b>   |
|----------------|--|--------------------------------------|---------------|
| V1             | Newly developed Reward Strategy for the University | Head of HR Compliance, Data & Policy | December 2019 |

|    |  |                                       |                |
|----|--|---------------------------------------|----------------|
| V2 | Minor review of Strategy to ensure it remains relevant and up to date and includes the recent accreditation as a Living Wage Employer. | Head of Reward, Policy and Compliance | September 2022 |
| V3 | Minor review of Strategy to ensure it remains relevant and up to date and included reference to Pay Framework review.                  | Deputy Director People and Culture    | October 2023   |