

**JOB EVALUATION AND  
REWARD POLICY**

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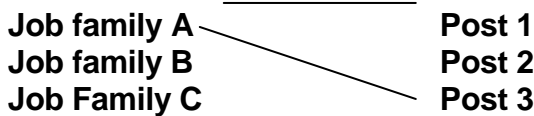
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## BACKGROUND TO JOB EVALUATION

### 1.1 What is job evaluation?

- Job evaluation is the process of using a system by which jobs are analysed, described and placed in an order of relative grouping to each other. Before undertaking job evaluation you have to be sure that posts are defined accurately.
- This information is then used to systematically determine the **position** of each job in relation to all the jobs in the organisation. Job evaluation assumes the normal performance of a job by a typical worker. All the jobs in an organisation are ranked and then placed in a hierarchy which will reflect the relativities of each one. **It groups posts, not people.**

#### The Outcome of JE



#### JE and HR

- Job evaluation as a process comes between the definition of posts, which must take place prior to an evaluation, and salary setting which takes place after a job evaluation.
- Job evaluation by **points ranking** is a more procedural process than weighing up each particular post against another, and it gives a more consistent considered result if used properly. However, it is still based on individuals' judgements about relativities. For this reason it is important to have different perspectives represented on the job evaluation panel.
- Job evaluation is not supervision and appraisal which consider how each individual is performing in the post they carry out.
- Staff tend to be very sensitive about job evaluation - some staff mistake a job evaluation for an appraisal exercise. Some mistake it for a job definition process.

APPLIES TO PERSON	APPLIES TO POST	OUTCOMES
Recruitment	Job definition	Job description Person Specification
	Job evaluation	Relative Grouping of posts
Supervision		Standards set and monitored Staff Development
Appraisal		Annual review of targets and developments, work plans set.
	Salary Setting	Pay scales + pay for each post

## 1.2 SUMMARY JOB EVALUATION

Does:

- Group posts with others of similar value
- Provide the basis for a fair and objective grading structure
- Refresh job definitions if you didn't know it already;

Doesn't:

- Provide a restructuring of posts;
- Provide a way to discipline or appraise individuals;
- Provide a miraculous solution to old pay problems;

- It looks at POSTS not PEOPLE
- It GROUPS JOBS (It is not a full salary policy on its own!)
- All systems are better if TESTED BEFORE USE
- POSTHOLDERS ARE VERY SENSITIVE about it as a process
- You need CLEAR OUTCOMES for the exercise
- Excellent COMMUNICATION and INFORMATION PROVISION
- An APPEALS SYSTEM is essential
- A JOB EVALUATION COMMITTEE trained to understand the system and use it as a long term management tool is a key feature.
- It takes TIME. Six to nine months as a basic guide.

## 1.3 Process

- 1 Up to date Job descriptions and person specs
- 2 Appeals to this process – assertiveness here is vital
- 3 Develop and adapt scheme set up JE panel
- 4 Postholders fill in a JE Qnr
- 5 Posts evaluated by the job evaluation panel
- 6 What will be published is the POSTS in alphabetical order in a proposed new grade structure.
- 7 an APPEALS process against a final published grouping of posts.

## 1.4 How to choose a system

Most methods of job evaluation are called 'Points rating or Points ranking'. This method identifies a number of factors that together describes all aspects of the performance of jobs in a typical voluntary organisation. Each factor is broken down into a number of levels. Each factor has a number of points allocated to it in total and the more demanding the factor the more points it is allocated in total. This gives the weighting of each factor. Each level is then allocated a number of points of the total for that factor, with the more demanding or responsible levels scoring more points.

There are no 'standard' factors that are always used in job evaluation schemes. Job characteristics can be described and divided up in many different ways. For Example, the factors that have been chosen and piloted in the Age Concern and Gill Taylor scheme, and the weightings that have been assigned to them, are as follows.

FACTOR		WEIGHTING
1	Judgement and decision making	HIGH
2	Complexity	MED
3	Creativity and thinking	HIGH

4	Responsibility for resources, staff and budgets	HIGH
5	Contacts with people	MED
6	Working environment	LOW
7	Knowledge and skills	HIGH

Each job is then compared to the levels in each factor and scores a number of points for each factor level that applies. The points are then added up to form the total score for each post. Gill has a scheme tailored to the voluntary sector, developed with Age Concern England, available from her.

Peace project at LVSC has a scheme that has been adapted from the Local Government NJC job evaluation scheme. It follows it closely but has been adapted to take account of the particular aspects of voluntary sector posts. Managing volunteers for example. It directly links to the NJC pay grades which are readily understood across the voluntary sector.

The reasons for choosing a points ranking system of evaluation were:

- It enables a close analysis of job content and avoids the natural tendency to evaluate a perception of the 'whole job' based on accepted traditional views of it. The focus on standards factors that are applied to each post makes it the most objective method available. (using a panel to score posts also enables perceptions of a post to be evened out rather than based on one person's views of the post in question).
- New and revised jobs can be readily evaluated and allocated a position in an existing grading structure.
- A well administered points ranking scheme tends to be very stable and durable

## Key things that go wrong with JE

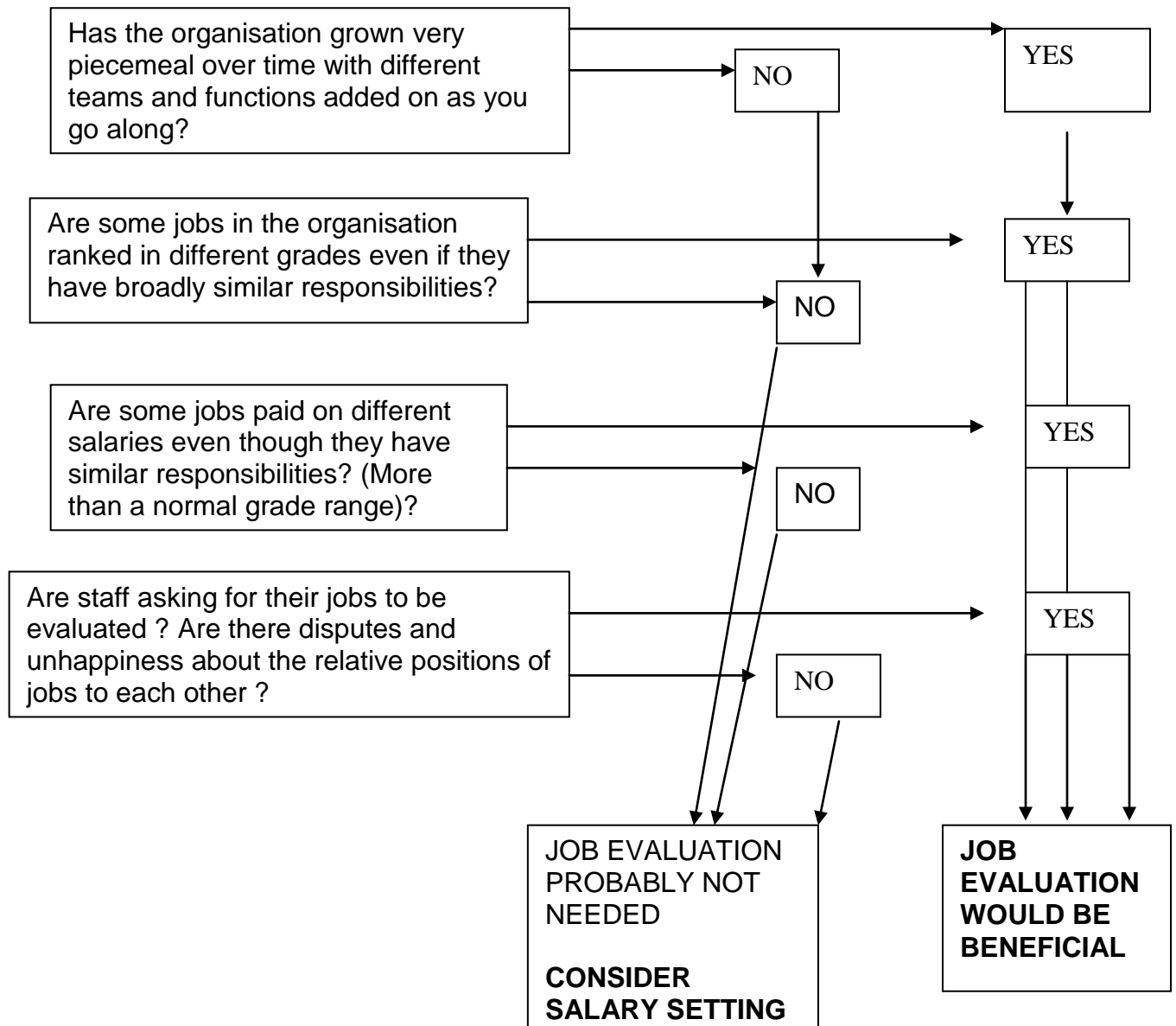
- 1 Don't allow enough time
- 2 The organisation allows expectations to be unrealistic
- 3 The organisation doesn't give enough staff resources to it internally  
HR, Managers, Senior managers and HR/finance at the end.
- 4 Even though the mantra is 'post not person', no one really believes this and takes the results personally.
- 5 Staff fear they will be demoted or lose pay
- 6 The organisation doesn't really tackle old problems with job definitions or job descriptions so problems and tensions rumble through to the JE process
- 7 Managers don't pay enough attention to the JDs as they are so busy and therefore allow poor job descriptions to go through to JE.
- 8 The senior management team want to fiddle with the JDs or the JE ranking because they can't understand why their favourites are not ranked where they should be according to them.
- 9 Staff all want to see their individual 'scores' as it's a points ranking scheme.
- 10 Staff can experience staying the same as downgrading if they can't see why other staff are graded into 'their' grade or above them.
- 11 It never sorts out a bad or neglectful manager.
- 12 Senior managers want to see the scores to meddle with them see above
- 13 It takes so long everyone has lost momentum by the end
- 14 It will highlight old tensions and may release toxic energy. This is to be expected and needs firm management.

## DO I REALLY WANT TO DO A JOB EVALUATION IN MY ORGANISATION?

# JOB EVALUTION AND SALARY SETTING

## FLOW CHART OF SUGGESTED DECISION MAKING AND ACTION

### IS JOB EVALUATION NEEDED?



## 2 REWARD POLICY

### 2.1 Summary - Theory of Reward: Psychological contract

Being given good quality feedback from a manager you can trust

Being valued

Relationship with Line manager

Honest communication

**Salary has to be enough**

**After that Perceived fairness is most important**

### 2.2 Managing Resilience

Recognise that in these times neither organisations nor individuals are in or feel in control! Mergers, Redundancies, Cuts and Change are destabilising even in the best run organisations – cant remove all the external sources of stress.

Organisations can take action to try and offset stress and this will be valued as part of a benefits package. According to Hay's 60% of organisations feel the effects of the recession are still not over for them. This is having a huge impact on morale and engagement issues.

### 2.3 Economic Context

This is not a bump in the road – we are in game changing days. The issue is not about hiding with the same structures and ways of doing things but just a bit reduced til things get better **it's about radical re-think time.**

- Economy Slowed down to near stop
- Watch out for the Triple Dip still
- Poverty and Social inequality in UK are rising again and more
- National and Local Government Cuts £2.8bn 2011-2016
- Cuts Spread out 10-11; 11-12; 12-13; 13-14; 14-15
- Local Government devastated and "whole place agenda" - what for next year?
- Local Elections - Politics in flux
- Charities facing increasing needs but decreasing resources
- Pay rise for Local Gov capped at 1% in budget

**This is one of the toughest operating environment I can remember**

Inflation is currently 3.2% and recession and issues of pay increases are a concern for all. Pressure from Government is for wage stagnation, even whilst inflation is highish.

**FORECASTS: RPI forecast to stay where it is for 2013. Earnings are forecast to range from 1.7% - 3.3% (mean 2.5%) for Q II 2013. (IRS)**

### **NJC Pay award**

**Maximum of 1% over the next two years.**

### 2.4 BENCHMARKS: RECRUITMENT AND RETENTION

Forecasts for public sector employment are to accelerate. The public sector expects to make as many redundancies between now and 2015 as they have already made from June 2010 to November 2012. A fifth of employers are planning on using zero hours contracts. The pace of expansion in part timers is expected to slow. And almost a third of part time staff would like more hours. Three quarters of the private sector say they will be forced to make redundancies if the economy doesn't pick up in early 2013.

The net employment balance score remains strongly positive in the private sector (+16%), though down from +18% in the previous quarter. However, the net employment balance is very strongly negative in the public sector (−43%). The voluntary sector net employment balance is increased from the previous quarter (+19%).

Recruitment intentions overall have increased slightly since the last quarter with 65% of employers intending to recruit. Employers who intend to recruit on average expect 73% of new recruits to be full-time staff and 27% to be part-time staff.

A third of LMO employers expect to make redundancies over the next three months. The proportion is highest in the public sector (48%), 25% in the voluntary sector and 23% in the private sector.

(CIPD Labour Market outlook Spring 2013)

## 2.5 BENCHMARKS: LABOUR TURNOVER

The labour turnover rate of 12.7% as compared to 13.5% in 2010 and lower than 15.7% in 2009. The voluntary sector records the highest turnover at 13%

## 2.6 BENCHMARKS: PAY REVIEW

**Wages are set to remain weak in 2013, but have picked up slightly compared with 3 months ago. In 2012 20% of organisation reported pay freezes. (HAY) Forward looking pay expectations in the LMO have remained below 2% for over three years. But pay expectations in the public sector are increased from 0.2% to 0.7%**

The expected mean basic pay settlement (excluding bonuses, incremental increases, overtime and impact of regrading exercises) among LMO employers planning to have a pay review in the 12 months to December 2013 is 1.8%. (CIPD) (Up from 1.7% in Winter 12) CIPD – But IRS expects 2.5%.

Employers across the public sector have predicted a slightly lower average increase in pay compared with the previous quarter. At 0.8%, the average expected increase in the public sector has increased from 0.6% in the previous quarter. However, the increase still lags behind those expected in the private (2.2%) and voluntary sectors (1.5%).

In the vol sector 1% expect a pay cut; 17% a pay freeze; 44% a pay increase and 38% saying it depends on circumstances.

<b>Pay settlements</b>	2.5%	IRS Whole economy median	
<b>Pay intentions</b>	1-2.8% Mean 2% 1.7% 1.5% 0.8%	IRS CIPD National Vol sector Public sector	
<b>Recruitment</b>	41% of recruiters	CIPD Vacancies Hard to fill	Engineers IT Managers

## Factors that most influences an increase in salaries

Ability to pay	60%
Inflation	52
Productivity and perf	42
Movement in market rates	27
The going rate and pay rises elsewhere	24
Rec and retention issues	21
Pay catch up	17

Union pressure	17
Level of Govm funding	11
NMW	7
NLiving Wage	3
Other	5

<b>Training Budget Spend</b>	£276	24 hours pa median 75% report deficit in management and leadership skills
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## 2.7 CONCLUSIONS: Economic and labour market big picture

The economic downturn and hugely increased number of underemployed means that throughout 2013 there will be inflationary pressure for pay increases, economic pressure for reduction in wages; and Government pressure for stagnation or reduction in third sector pay. In the current economic climate this is likely to result in workforce unhappiness at their pay packet, but unwillingness to lose a job given high unemployment/underemployment.

The Government's policy to not just halt but cut public sector pay growth has had a huge impact on the voluntary sector, as public sector pay policy is usually a factor for salaries in our sector as well. Capping public sector pay for 2013/14 at 1% growth will mean market forces on local government wages are kept down.

Market position for lower paid staff will remain low as unemployment means there will be an increased supply of potential staff.

Market position for the salaries of some senior and highly specialist posts will still be important. It is not possible to fall too far behind the median if you want to recruit skilled and competent staff at these levels.

## 2.8 Summary of reward issues

There is no magic wand!

Recognise wider context of Change and Insecurity

Have a Change agenda and get key processes working and skills

Ensure organisation is 'honest' in its communication

Work on how staff can feel valued in the organisation. Small things do count and are noticed by staff

Leadership is key will boost engagement and performance management and clear processes will boost enablement

HR is an effective part of the plan

Fair pay is more important than cost of living awards

Transparency in how pay rises are awarded

Honesty about possibility of pay rises in a time of cuts

Look at Benefits – employability coaching, training and Employee Assistance Programmes



### 3 SUMMARY OF COMPARABLE SALARY FIGURES

Deciding how to reward staff in the voluntary sector is no easy task. There are no particularly agreed pay scales across the sector. Senior postholders often assume levels of responsibility which would be rewarded at a much higher rate in the public and private sector. There are 2 published salary reviews of the sector. **Charity Reward and ACEVO** salary surveys.

Charity Reward and ACEVO collect data on salaries annually. Charity Reward collects it by 10 levels of posts, ACEVO for Senior posts only; by income of the organisation; by number of staff; by geographical location and by sector of the voluntary sector. Information from the Surveys take basic salary into account, i.e. NOT including the equivalent of London Weighting or other allowances wherever necessary. Information on posts advertised in the Guardian between a certain time period can also be a useful comparison. Median is the middle figure of the whole range of salaries for that post.

**Based on an organisation £1-2m; 20-49 staff; based in London**

CE	Median	Director	Median
Income£1-2m	60,701	Income£1-2m	50,415
Staff 20-49	66,470	Staff 20-49	51,599
Children/families	76,058	Children/families	65,364
Education	87,675	Education	59,944
Info/advice	67,000	Info/advice	62,315
Funded donations	73,492	Funded donations	67,626
London HQ	68,186	London HQ	68,186
<b>Average</b>	<b>71,369</b>	<b>Average</b>	<b>60,778</b>
<b>Median</b>	<b>68,186</b>	<b>Median</b>	<b>62,315</b>
Head	Median	Manager	Median
Income£1-2m	39,666	Income£1-2m	33,280
Staff 20-49	44,705	Staff 20-49	34,300
Children/families	46,572	Children/families	36,114
Education	58,131	Education	46,400
Info/advice	48,927	Info/advice	39,416
Funded donations	52,354	Funded donations	42,454
London HQ	52,000	London HQ	42,748
<b>Average</b>	<b>48,908</b>	<b>Average</b>	<b>39,245</b>
<b>Median</b>	<b>48,927</b>	<b>Median</b>	<b>39,416</b>
Officer	Median	Assistant	Median
Income£1-2m	22,937	Income£1-2m	17,687
Staff 20-49	23,316	Staff 20-49	17,996
Children/families	25,689	Children/families	17,750
Education	26,786	Education	20,366
Info/advice	26,666	Info/advice	17,974
Funded donations	24,600	Funded donations	18,728
London HQ	26,295	London HQ	17,993
<b>Average</b>	<b>25,184</b>	<b>Average</b>	<b>18,356</b>
<b>Median</b>	<b>25,689</b>	<b>Median</b>	<b>18,728</b>

**DATA FROM PUBLISHED POSTS**

The table below represents data collected from posts advertised in the Guardian, Third sector or various charity jobs websites from 2013 Net of any weighting.

<b>Level of Post</b>	<b>Lower Quartile</b>	<b>Median</b>	<b>Upper Quartile</b>
<b>CE</b>	£60	£70k	£80k
<b>Director</b>	£40	£45	£58
<b>Senior Manager</b>	£35	£36.5	£37
<b>Project Manager/Co-ordinator</b>	£30k	£32	£33
<b>Team Leader/ Senior specialist</b>	£25	£26.5	£27.5
<b>Volunteer Co-ordinator</b>	£18k	£22k	£24k
<b>Caseworker/ Officer</b>	£21k	£22k	£23k

CE Homestart	£65k (Leicester)
CE Respiratory Alliance	£65k
CE Children's cancer charity	£60k
CE Asylum Aid	£55k
CE Springboard for Children	£55k
CE PSHE Assns	£55-60k
CE Change Makers	£55-60k
Head of FR	£45-50k
Seior head of FR Princes Trust	£42-44k
Corp Project FR Manager	£40k
Head of Trusts and Major gift CPRE	£40-45
Project Director Ambitious about Autism	£38-55
Director Wales	£45-50
Head of services Co Durham	£45-49
Senior Ops manager BRC	£44k
Programme change manager CAFOD	£40-45

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