Policy

Title: Personal Value Allowance – Level 7

From: HR/Reward

Date: 28 May 2014

Introduction

The University operates a spinal point system for defining base salary, dependent on grade, and to progress employees through the pay system, over a sustained period, as their careers with the University develop. The spinal point system is aligned to any cost of living increases on an annual basis.

A Personal Value Allowance should be used where there is a clear requirement to pay above the applicable spinal point, grade or role benchmark, based on a particular individual’s ‘talent’ or value to the University. This will include specialist appointments where the recruitment or retention of an individual is constrained by availability and/or competition with other institutions.

This allowance can be used at the point of promotion, on internal or external appointment, or in key retention cases. Recipients of a Personal Value Allowance will be expected to have a significant impact on the overall success of the University in both financial and reputational terms.

Policy

1. Scope

This policy applies to Level 7 employees of the University of Southampton. (The existing market supplement provisions continue to apply at all other levels).

This allowance replaces a variety of allowances and arrangements that may previously have been referred to as ‘Personal Allowances’, ‘Retention Allowances’ and/or ‘Special Allowances’. Personal Value Allowances should not be used to supplement particular job families/groups of roles as a whole (for which, see separate Market Weighting Allowance policy).

2. Purpose

Using a Personal Value Allowance, rather than manipulating the spinal point system to escalate pay, ensures that individuals have headroom to progress and are therefore motivated to excel in the long term. It also ensures that peers are measured on an equitable basis and may progress accordingly through the spinal point system, using the pay progression model in place.

3. Approach

Individuals under consideration for a Personal Value Allowance should first be placed on the pay point appropriate for the role, their skills and their competence, in order that there remains scope to reward them in future for their contribution, using the established pay progression systems in place.

Any Personal Value Allowance will be paid separately to base pay, but will be considered as a permanent, pensionable pay element. Total pay will be considered to be base pay, plus any other permanent, pensionable payments. The total pay figure will be used for the calculation of external references and for the purpose of calculating statutory payments.

Any Personal Value Allowance will increase in line with any national pay bargaining agreement that is reached on an annual basis (cost of living award), but will not increase proportionate with any other increases to a recipient’s base pay. Payment will be made on a pro-rata basis for part time staff, according to the number of hours worked. This will be on the basis of a 35 hour week.

The ongoing performance appraisals of Personal Value Allowance recipients (and any pay recommendations, where applicable) should consider the total value of an individual’s contribution with respect to their total pay...
(i.e. if the University is paying a premium to recruit or retain an individual, it should expect a sustained, excellent contribution to the success of the University).

3. Procedure for Applying a Personal Value Allowance

The Reward Team should be contacted in the first instance, to benchmark the role in line with the University’s benchmarking criteria, and to understand the premium being applied and the expected return on investment. Reward will then advise accordingly on the appropriate level of Personal Value Allowance.

Any Personal Value Allowances will then require submission of a business justification, with approval from the Professorial Pay Review Group (PPRG) for roles at Level 7 (including professorial appointments).

Example

Year One – On appointment
Base pay of £60,376 on appointment
Personal Value Supplement of £5,000 to secure appointment
= Total pensionable pay of £65,376

Year Two – 1% pay settlement agreed
Base pay uplifted by 1% to £60,980
Personal Value Supplement uplifted by 1% to £5,050
= Total pensionable pay of £66,030

Year Three – Two spinal points awarded based on contribution and 2% pay settlement agreed
Base pay uplifted by two spinal points to £63,479
Base pay uplifted by 2% to £64,749
Personal Value Supplement uplifted by 2% to £5,151
= Total pensionable pay of £69,900

Maintaining this policy
The University will monitor the effectiveness of this policy and its general compliance within the organisation. This policy will be kept up to date and amended accordingly to reflect any changes in response to revised legislation and applicable standards and guidelines. This policy will be reviewed at least annually.

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