

## **Annex A – recruitment and retention allowance in the Cabinet Office**

RRAs are needed to pay any market premium associated with a particular role. For an allowance to be payable there needs to be clear evidence:

- that there is a recruitment and retention problem. Or there is clear evidence that the labour market is changing which will create recruitment and retention problems for the department
- that the problem is clearly related to pay.

Decisions on RRAs, including the level, will be taken by the Head of Human Resources. RRAs potentially affecting a large number of roles will need the approval of the Department's Remuneration Committee. There will be a similar decision making process for deciding that roles no longer required a RRA or that the amount needed to be reduced – i.e. the market had changed and there was no longer a recruitment problem or pay levels had fallen.

The value of the allowance will be decided with reference to any external pay data, affordability and the amount needed to keep and attract people taking into account other benefits. There will be no constraint on the upper limit for the allowance. It will be pensionable but not consolidated into base pay.

The following policies will apply when the allowance changes or when people move posts. It is similar to the treatment of other allowances.

*Policy when the department decides to reduce the value of the allowance or remove it altogether.*

People remaining in the role will either lose the allowance if it were no longer appropriate or it will be reduced to the new value.

*Policy with a voluntary move*

People will lose the allowance when they move.

*Policy with an involuntary move*

People will be on mark time at the current value of the allowance. It will decrease in value in line with the individual's annual pay increases.

*Someone joins the department with an allowance*

This is a voluntary move and we will treat them in the same way as other voluntary moves—i.e. they will only keep the allowance if the role they are moving into has the equivalent allowance attached to it.

*Policy for those already in receipt of an allowance under the current Recruitment and Retention scheme*

We will review the allowance and treat them as above – e.g. lose it if they move or no longer justified.

## **Annex B: Examining Differences in Pay Outcomes**

### **5.1 Focus Groups**

The Cabinet Office were particularly interested in getting the views of minority staff regarding the pay system in light of the findings from the Equality Audit, which indicated that certain groups of staff were more likely to get low tranche marks.

The focus groups with minority staff consisted of staff within the following demographic groupings:

- Grade C staff
- Staff of ethnic minorities
- Part-time staff
- Staff who consider themselves to have a disability

Four focus groups were conducted, however, the number of attendees per group were smaller than expected and this may be indicative to an extent of feelings regarding these issues.

The pay system was discussed in light of the changes and how they felt that the changes affected them, particularly as minority member of staff. The findings are summarised by topic area and by minority grouping to ensure that the issues facing the different minority groups are captured.

- **Ethnic Minority Staff**

It appeared to be well known that a large number of ethnic minority staff are in tranche 3. A number of potential explanations for this finding were given.

- cultural awareness: managers do not necessarily understand how staff from ethnic minority backgrounds 'tick', it was felt that cultural awareness training would be very beneficial. However, it was also felt to be a two-way communication process, where both the manager and member of staff discussed how they work most effectively. Although this appears to be common sense, some staff did not feel it was happening enough. Some participants also mentioned a lack of assertiveness by ethnic minorities as being a contributory factor.
- COBAN: this was viewed favourably and seen as a useful network for Black and Asian staff raising awareness of issues relating to these specific minority groups.
- There is a strong relationship between being an ethnic minority and being in Band C. It was suggested that there may be a bit of catch -22 in this area. Are staff in tranche 3 because of their grade or because of their colour? The two appear to be inter-related.

- **Band C Staff**

The overriding problem for Band C staff appeared to be a result of the type of work that they conduct, whereby excelling in the job is difficult, due to the nature of the work expected of a Band C position. It was perceived as very difficult to move from a tranche 3 to a tranche 2, with indications that some Band C staff have been in the same job for over 10 years. Staff also indicated that one's development opportunities were on the whole dependent on one's line manager and the relationship they have with them. One participant believed that grade

C managers may not always be as experienced as other managers in the management of staff.

- **Part-time staff**

Some part-time participants felt that it was very difficult to move from a tranche 3 as it was difficult to exceed in the objectives that are set. It was felt they would need to work longer hours to ensure that they complete their objectives, with many part-timers this was not seen as feasible due to other commitments. There was also the perception that full timers appear to make more of an effort as they are more 'visible' and are more likely to have built up a stronger rapport with their manager due to the time spent in the office. It was also felt that as part time staff are not always in the office they miss out on meetings as well as more informal networking which helps staff to be noticed. As a part-timer it was also felt that they may be perceived as being less flexible than their full-time colleagues.

- **Disabled Staff**

Participants were less forthcoming about what potential issues exist for staff with disabilities. This may have been due to the sensitivity of this area. However it was suggested that some staff have hidden disabilities which may not be obvious on a day-to-day level, and in some instances adjustments by managers may not be taking place when comparing disabled members of staff with 'able bodied' colleagues.

### **Promotion & Progression**

A number of issues were raised with respect to the difficulties for minority staff to advance within the organisation. Some of the problems faced are highlighted below.

- *Getting a new job:* it is very difficult for a tranche 3 member of staff to get promoted, as normally a temp will be filling in the vacancy in the short-term. Some participants perceived that the job generally goes to the person who is doing the job temporarily as they have better knowledge and are already in the position. This, however, was seen as very de-motivating for staff trying to advance within the Cabinet Office.
- *The Procedure:* Staff inquired whether there was a set process or standard by which staff are assessed, as some participants felt promotion was too subjective and dependent on ones line manager's attitude.
- *Band C staff:* Due to the nature of the work done, Band C staff are not always given the opportunity to do additional work to assist them in advancing within the organisation. It is also seen to be strongly linked to the objectives that are set. Unless the objectives set are achievable and actionable (SMART), it makes it hard to measure performance. At present, some staff do not feel that there is a structured approach with regard to objective setting.
- *Disabled staff:* Here again, the issue of the objectives set was raised. It was felt that their needed to be strong management support and guidance for managers to ensure that disabled staff are given the same opportunities as other colleagues. However, some staff did mention that they felt that in some instances, managers wrongly perceived disabled staff as being more 'hard work' than other members of staff, requiring more effort and attention from the manager. However, those who work with disabled staff have found the

experience enriching and did not feel that it was more difficult to manage disabled colleagues. It was felt that the courses staff were sent on for disability awareness (where it was necessary) were very good, but that greater management awareness was required to help disabled staff feel more valued.

- *Part-time staff*: there was a feeling that there is a no clear cut progression for part-time members of staff as less jobs are advertised for part time work, making it more difficult to be promoted, regardless of whether staff are meeting their objectives.

## **Training & Development**

Although training and development is reviewed every 3 months and everyone has the opportunity to go on training, it was felt that it was all dependent on the training budget, so again, management discretion is used to a very large extent. It was also suggested that the training budget should be centralised rather than the current localised system.

Other issues included being able to have the time to do the training and being available for training (this was a particularly pertinent point with part-time staff). The training also needed to be justified and shown to fit to the Cabinet Office objectives.

### **Key Recommendations**

- Examine the job design of band C/minority group to ensure:
  - they are clear of their role, and of what needs to be done to earn a bonus and high tranche award
  - they have scope in their jobs to do a variety of work, enabling them to earn a bonus/high tranche award
- Assess the relationship between minority staff and their managers to ensure:
  - they are being managed effectively
  - they have opportunities to develop
  - that diversity is being effectively managed

## **5.2 Manager Interviews**

In general, the findings from interviews with managers mirror those from the focus groups with staff.

### ***The decision making process***

Most of the managers interviewed see the tranche and bonus decision making process as closely related to performance management and appraisals. Although recorded separately, managers felt that it was vital to ensure that they met regularly with their staff and developed clear performance agreements.

Some managers ask their staff to collect a portfolio of information in relation to their achievements. This makes gathering evidence to present to the pay committee a much fairer and easier process for the manager.

In general, managers felt uneasy about the request to not disclose recommendations to their staff.

## ***Motivating & Developing staff***

The managers involved in the interviews use a number of methods to motivate their staff. In general, there was agreement that money is rarely the main motivator of staff and that line managers play an important role in encouraging and recognising their staff.

The bonus system in particular was viewed as something which may recognise staff but would be unlikely to motivate them because the amount was paid such a long time after the award was given.

Ways of motivating and developing staff to achieve their full potential include:

- Clear communication of the aims of the individual and the team to ensure that staff are clear as to their role and expectations upon them
- Encourage staff to focus on achieving their objectives and focusing on their work
- Encourage staff to take responsibility for their role and for the things they achieve
- Generate a culture of teamwork and co-operation so that coming to work is enjoyable
- Make sure workload and activities are clearly planned for and fairly spread out amongst the team
- Giving regular feedback on performance and recognising staff when they do a good job
- Ensure that staff are given a variety of tasks to do so that their skills are used effectively

## Government Evidence to the Senior Salaries Review Body 2004

### EQUAL PAY

The Cabinet Office first undertook an Equal Pay Review of the SCS after the 2001/2 pay round and has updated the review each year since :

- in 2001/2 the pay gap was 5% and in line with the Equal Opportunities Commission's guidelines for differences of 5% or more we explored the reasons and concluded that the gap was not significant in the light of considerably higher figures in the whole economy of 19% and a basket of broadly comparable professional roles where the lowest figure was 14%; and
- in 2002/3 the gap reduced to 4.7% in favour of men.

#### **Findings after the 2004 SCS pay round**

- a) *The overall gender pay gap has narrowed to about 4% in 2004;*
- b) *This fall is due to Departments paying close attention to monitoring starting pay and annual awards and addressing any unjustified anomalies that arise;*
- c) *Like last year, women's average base pay awards were slightly higher than men's (4.6% compared to 4.5%). This may be partly because more women are lower in their Pay Bands and receive more progression pay for a similar level of performance;*
- d) *Slightly more women than men received a bonus (56% against 52.8%). However men received slightly larger bonuses (an average of £5,055 compared to £4,724 for women). This is probably because many Departments calculate bonuses as a percentage of salary;*
- e) *The salary difference between those working part time was 17% in favour of men; this is higher than last year (13%) and is probably due to volatility in the salaries of the very small number of men who work part-time. The numbers fluctuate from year to year;*

#### **Conclusion**

*It remains our aspiration to continue to close the gender pay gap. We are pleased that it has narrowed since the initial Equal Pay Audit in 2001/2. This is down to the actions taken by Departments in monitoring starting pay and annual awards to identify any anomalies and addressing urgently any differences found to be unjustified. The number of instances of repositioning reported by Departments is small, but they have taken care to monitor both base pay and bonus awards at the annual pay round to ensure that they can be substantiated on the basis of individual performance and contribution. Departments have also made sure when setting higher starting salaries for new recruits that they reflect evidence from the prevailing market for the skills required and take into account the experience and track record of the individual concerned. Cabinet Office has also worked hard to improve the quality and accuracy of the SCS Database. We shall continue to review equal pay and report the results to the Review Body next year.*

## **EQUAL PAY**

The Cabinet Office first undertook an Equal Pay Review for the SCS after the 2001/2 pay round and continues to monitor pay data carefully each year :

- In 2001/2 the gender pay gap was 5% in favour of men and in line with the Equal Opportunities Commission's guidelines we explored the reasons in detail. We concluded that the gap was not significant in the light of considerably higher figures in the whole economy of 19% and a basket of broadly comparable professional roles where the lowest figure was 14%. We gave Departments clear guidance on the need to monitor starting pay and annual awards to identify any anomalies and to address urgently any differences found to be unjustifiable. They report that Pay Committees continue to compare awards by gender, including during the pay round, and to make appropriate adjustments where necessary to reflect an individual's growth in skills, expertise and contribution relative to their peers. As a result there have been no formal equal pay challenges brought by members of the SCS;
- In 2002/3 the gap reduced to 4.7% and in 2003/4 to around 4%; and
- In 2004/5 the overall gender gap remains about the same at about 4.4%. This year women were slightly more likely to be allocated to the top performance tranche than men (26.2% compared to 24.4%). Their average base pay award was a little higher at 4.4% compared to 4.1%, probably allowing for greater pay progression as women tend to be lower on their Pay Bands. Women were just as likely as men to receive a bonus and their average bonus was about the same (£4,980 compared to £5,018).

We are pleased that the gender gap has not increased significantly despite growing recruitment from the external market and it remains our aspiration to close it further. We continue to remind Departments of the importance of monitoring pay decisions closely and the need to review relativities regularly to ensure pay differences can be fully justified on the basis of performance or market differentials for specific skills or expertise.