

UK Starting Pay on Appointment (SPOA) and UK Through-Year Salary Increases - 2011/12 Policy Guidance and June 2011 Pay Review Briefing

UK SPOA and Through-Year Salary Increases

The 2011/12 Through-Year Salary Increase budget for each LoB will be 0.5% of the LoB pay bill as at 31 March 2011.

This briefing relates to the UK only - there will be no change to the international Through-Year Salary Increase process which will remain on a quarterly cycle for all cases.

SPOA - Appointments made to fill an advertised vacancy or via redeployment

The automatic application of SPOA, to bring an employee to the minimum of the pay range (subject to a maximum salary increase of £5,000) will apply from 1 April 2011. SPOA will only automatically apply to appointments through formally advertised vacancies – including those made as a result of the redeployment process.

Appointments to a new role must be submitted on the BT Contracts Automation system, including the vacancy reference. These will then be downloaded and processed on a monthly basis. Approval will be required from each LoB HR Director in line with the local LoB approval process and overall Delegation of Authority (DOA) levels. This is a mandatory requirement; any requests outside of contracts automation will not be reviewed.

Approved SPOA increases will count towards and be reported against the Through-Year Salary Increase budget for each LoB.

Appointments, and associated salary increases will take effect from the 1st of the month in which they are approved – they will not be backdated.

Where individuals receive a maximum increase of £5,000 but remain below the minimum of the range for their role, their salary can be reviewed again as part of subsequent quarterly Through-Year Salary Increase processes – as detailed below. Their salary can then be further increased to the minimum of the range subject to their performance being rated “Development Needed” or above.

Please see section below regarding the 2011 Pay Review salary increase lock-down period which applies from 2 April 2011 to 30 June 2011.

UK Quarterly Through-Year Salary Increase process

A quarterly Through-Year Salary Increase review process will consider any other salary increase requests. Each LoB will be able to approve any appropriate cases operating within their agreed overall budget for the year. Approvals will be made by each LoB HRD within their local LoB approval process, subject to the overall Delegations of Authority.

A minimal number of these cases are expected and exceptional proposals should only be submitted for Through-Year Salary Increases if they meet one of the following criteria:

- Individual has had a substantial increase in responsibilities such that a formal re-mapping of the role is justified and their current salary is significantly below the mid point of the salary range for their role.
- Exceptionally, a salary increase is required to retain key/critical individuals, although any increase must not take the individual's pay beyond the maximum of the range for the role. It is expected that evidence of the retention risk will be reviewed robustly, including a requirement to produce evidence of any external offers.
- Individuals whose salary remains below the minimum of the range for their role, even after a £5,000 SPOA increase has been applied, if the re-mapping is confirmed as justified.

It is a mandatory requirement on line managers or HRBPs to submit all requests on the BT Contracts Automation system and supply sufficient justification and rationale to support the request in the comments box.

Reward Managers will download the requests on a quarterly basis and submit via the local LoB approval process within the quarterly timescales outlined below.

The quarterly process will take place with the following effective dates:

- 1 April 2011
- 1 July 2011
- 1 October 2011
- 1 January 2012

Approved increases will be effective on these dates outlined above and will not be backdated.

Pay Review salary increase lock-down period

From 2 April 2011 until 30 June 2011, a lock down will operate during the pay review.

As in previous years, any approved appointments in this period will be processed as follows:

- Role change – will be updated in Peoplesoft during the lockdown.
- Salary increase – will be made effective on 1 July 2011 and not updated until after the lock-down.
- Epay – not updated with either role or salary changes resulting from the Through-Year process.

Where individuals are appointed to new roles during the lock-down, and they are below the minimum of the range for their new role, their salary can be increased to the minimum of the

range on 1 July 2011. This increase can exceptionally be for more than £5,000 if it is felt appropriate.

June 2011 Pay Review Briefing

It was recently announced that BT had reached a 2 year deal with Prospect regarding the budget for the 2011 and 2012 pay reviews. This briefing provides some additional information on how the June 2011 pay review will be implemented.

The Reward team will centralise as much activity as possible on this year to avoid duplication of activity within each LoB. For example, weekly pay lead calls will now be run centrally rather than having separate calls in each LoB. Each LoB will still have a Head of Reward and Reward Manager to support the pay review process.

Different budgets and pay review matrices for benefit band 1 and benefit band 2 and above

We have agreed with Prospect that for the 2011 and 2012 pay reviews we will allocate a slightly higher budget for the benefit band 1 population. We have still to determine exactly what that budget will be but the overall budget for all Reward Framework people will be 3% which means there will be a slightly smaller budget for the benefit band 2 and above population. There will be no cross subsidy of budgets between the two different groups.

As a result of the different pay review budgets there will also be separate pay review matrices for benefit band 1 and benefit bands 2 and above. Again, we have yet to determine exactly what each matrix will look like. We expect to publish details of the split budgets and pay review matrices when we launch the pay review in April.

New approach to the pay review matrix

In previous years we have used pay review matrices to determine the range of increases managers can award based on performance rating and position in range. Previously, the position in range was based on the following scale.

Position in Range	Roles with a salary range +/- 20% around the mid point	Roles with a salary range +/- 30% around the mid point
Under	Less than 80%	Less than 70%
Low	80% up to 93.3%	70% up to 90%
Medium	93.3% up to 106.7%	90% up to 110%
High	106.7% up to 120%	110% up to 130%
Above	Over 120%	Over 130%

We have agreed with Prospect that we will change the position in range labels into 4 quartiles as follows.

Position in Range	Roles with a salary range +/- 20% around the mid point	Roles with a salary range +/- 30% around the mid point
Q1	Less than 90%	Less than 85%
Q2	90% up to 100%	85% up to 100%
Q3	100% up to 110%	100% up to 115%
Q4	Over 110%	Over 115%

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The change to the position in range labels was agreed with Prospect to enable us to:

- better target available budget to those individuals who are below the midpoint of the salary range for their role.
- target some increases to a number of people who are just above the midpoint of the salary range for their role.

Annual Pay review budget and Through-Year salary increase budget

There will be no cross subsidy between the annual pay review budget and the Through-Year Salary Increase budget (i.e. any underspend on the annual pay review cannot be carried forward and added to the Through-Year Salary Increase budget for each LoB).

UK Starting Pay on Appointment (SPOA) and UK Through-Year Salary Increases - Frequently Asked Questions

Q – What is the process for considering exceptional Through-Year salary increases outside of the normal quarterly process?

A - There may be some exceptional circumstances when increases need to be considered outside of the normal quarterly cycle. These include the following:

- Salary increase is required to settle an Equal Pay dispute/claim
- There is some other contractual or legal reason for the increase
- Time-critical retention where the individual has resigned or has an evidenced external job offer.
- Fast Tracker programme increases.

Exceptional Through-Year salary increases should be approved by the LoB HRD within their DOA. Proposed increases should be input into contracts automation. The cost of any increases will count towards and be reported against LoB Through-Year increase budgets.

Q – What is the process for Graduates mapping off the Graduate scheme into a Reward Framework role code?

A – This will be managed as an exception outside of the quarterly process. The cost of any increases will count towards and be reported against LoB Through-Year increase budgets.

Q – How will increases associated with Talent moves and increases for people on the Fast Tracker programme be handled?

A - These will also be managed as an exception outside of the quarterly process. The cost of any increases will count towards and be reported against LoB Through-Year increase budgets.

Q – What happens for Team Members promoted into Reward Framework roles and in particular where any pensionable allowances are consolidated into base salary?

A – This can be done on appointment and does not need to go through the quarterly Through-Year increase process. Where there are no incremental pensionable salary costs, consolidation of pensionable allowances into base salary for Team Member appointed to Reward Framework roles is not counted as a Through-Year salary increase.

Q – What is the process for role code changes that do not involve a Through-Year salary increase?

A – Where these relate to filling advertised vacancies or as a result of redeployment, the role code changes can be processed at any time subject to any LoB approvals. Note, we are in the process of piloting a new approach to sizing roles in the Reward Framework. If the pilot is successful, we plan to extend this progressively to all job families and will be looking to establish improved governance arrangements on role code changes generally.

Q – Will Through-Year salary increases for Team Members count towards the LoB budgets?

A – No, the 0.5% budget is for Reward Framework only and Team Member salary changes will continue to be managed separately..