

HR Notice

|  |
| --- |
| October 2019  **All Ofgem Employees** |
| **Ofgem Pay Deal 2019 (Bands A to E)** |

1. **Introduction**
   1. Following the recent announcement from Sarah Cox, we are pleased to confirm that following agreement with the Trade Unions, we are implementing the 2019 pay award and performance bonuses for Bands A to E. SCS employees will be notified separately of their pay award.
   2. This notice sets out the key points and elements of Ofgem’s 2019 pay award and performance bonuses for 2018-19 and is accompanied by a frequently answered questions section.
   3. Please note:
      1. **Individual letters will not be issued to employees setting out the detail of their pay award and bonuses. If you have any questions you should direct them to the People Team and email the People Centre to the following HR mailboxes:**

* + [**DeliveryHR@ofgem.gov.uk**](mailto:DeliveryHR@ofgem.gov.uk)
  + [**SandNHR@ofgem.gov.uk**](mailto:SandNHR@ofgem.gov.uk)
  + [**CandMHR@ofgem.gov.uk**](mailto:CandMHR@ofgem.gov.uk)
  + [**EserveHR@ofgem.gov.uk**](mailto:EserveHR@ofgem.gov.uk)
    1. It should also be noted that **not** all employees are eligible to receive a pay award and/or bonuses and this is explained further in this notice.

1. **Pay deal components**
   1. This year’s pay deal comprises, for eligible employees, the following elements:
      1. **The consolidated pay award:**

* This is the annual pay rise. It increases your salary and is taken into account for your pension. HM Treasury have set a maximum on this award of 2% of the total Ofgem salary pot. We have decided to pay this to as many people as possible so eligible employees will receive 2% of their band mid-point.
* **The minimum payment** (£600) – for eligible employees; those whose consolidated pay award, at 2% of their salary, would fall below £600, we will make up the difference and ensure £600 is paid. This is consolidated, subject to pension and will increase your salary.
  + 1. **The performance related payment** (bonus) – this is based on your performance during 2018/19 (this means the performance year starting April 2018 to March 2019) and is based on your box marking at both Q2 (end of September) and Q4 (end of March) and therefore the end of the performance year. It is not consolidated. It does not increase your salary or contribute to your pension. (Further details of bonuses are explained later in this notice).

1. **Civil Service Pay Constraints** 
   1. The Civil Service 2019 pay remit guidance gives Ofgem the ability to make a pay award to its Bands A-Es of 1% of the pay bill, plus the flexibility to spend up to a further 1%. In setting this year’s consolidated pay award Ofgem has had to keep within these rules, applied by Cabinet Office and HM Treasury.
   2. Against the backdrop of continued Government pay restraint, and taking into account real wage growth and what we can afford, we have agreed to award the maximum increase for all grades allowed by the pay remit guidance.
   3. This means that

* The total amount of pay award for Ofgem cannot exceed 2% and is based on the total pay bill on 31/3/19.
* The total amount of the performance related payments for Ofgem cannot exceed 2.1% of our total pay bill on 31/3/19.

1. **The pay award**
   1. The award provides a consolidated pay increase of 2% on the mid points of each pay band for all eligible employees, except those in formal under-performance under the performance management framework. Please note that employees lower down the pay range will receive a proportionately higher percentage increase than those employees higher in the pay range.
   2. This award will be effective from 1 April 2019 and will be back-dated and this will be reflected in your October salary.
   3. For 2019, this means a consolidated pay increase for eligible employees as shown below. We are applying a minimum increase of £600 for 2019.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *London* | |  |  | *National* | |  |
| **Band** | **2% Award** | **Actual Paid** |  | **Band** | **2% Award** | **Actual Paid** |
| A | £395 | **£600** |  | A | £406 | **£600** |
| B | £577 | **£600** |  | B | £512 | **£600** |
| C | £792 | £792 |  | C | £733 | £733 |
| D | £1,160 | £1,160 |  | D | £1076 | £1076 |
| E | £1,480 | £1,480 |  | E | £1,368 | £1,368 |

1. **Performance Related Payments**

5.1 In addition to the pay award and to recognise achievement for performance during the performance review year April 2018 to March 2019 the following *one-off non-consolidated, non pensionable, performance related payments* have been agreed:

* Bands A-B: 6% of actual salaries for ‘High Performing’, and 2.5% of actual salaries for ‘Achieving’.
* Bands C-E: 4.5% of actual salaries for ‘High Performing’, and 1.75% of actual salaries for ‘Achieving’.

5.2 Bonus payments at Q2 and Q4 are calculated on half of the annual salaries at 30 September and 31 March respectively. (This does not increase your consolidated salary or contribute to pension). For those who work part-time, this will be calculated against your part-time salary.

5.3 You will be able to identify the bonus payment for Q2 and Q4 on your payslip as they are coded as two separate payments.

5.4 Employees who have been assessed as *Needs Support* or *Underperforming* will not be entitled to the performance payment. Those in *New to Role/Ofgem* will also not be entitled to a bonus.

5.5 For the performance year 2019/20, we will take learnings from the 2018/19 approach and consider whether there are more effective approaches to our reward strategy.

1. **Pay Bands for 2019/2020**
   1. There will be no change to the pay bands that applied from 1st October 2018 as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **London** | **Band A** | **Band B** | **Band C** | **Band D** | **Band E** |
| **Min** | £19,750 | £25,750 | £33,400 | £46,250 | £66,000 |
| **Mid Point** | £22,375 | £28,875 | £39,550 | £57,975 | £74,000 |
| **Max** | £25,000 | £32,000 | £45,700 | £69,700 | £82,000 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **National** | **Band A** | **Band B** | **Band C** | **Band D** | **Band E** |
| **Min** | £17,900 | £23,450 | £30,950 | £43,650 | £60,600 |
| **Mid Point** | £20,315 | £25,595 | £36,670 | £53,825 | £68,400 |
| **Max** | £22,730 | £29,090 | £42,390 | £64,000 | £76,200 |

1. **Who is eligible to receive the Pay Award/Performance related payments?**
   1. Please note that **not** all employees are eligible to receive a pay award and/or a performance payment. This will be dependent on a number of factors such as the date you commenced with Ofgem or whether an employee has reached the maximum of the band. Further details of who is eligible to receive a pay award are contained **in the FAQ at the end of this notice.**
   2. Graduate Trainees are considered separately under the Graduate Scheme. Individuals on work/student placements are also excluded from a pay award or bonus. Employees with a box marking of ‘underperforming’ are also excluded from both payments.
   3. For this year eligible employees who were in post on 1st April 2019, i.e. the settlement date, will be entitled to receive the 2019 award if applicable.
2. **Recognition and Benefits Package**
   1. Further details of Ofgem’s Recognition and Benefits available to employees can be found on the Employee Essentials section of the Wire.
3. **Payment Date**
   1. Eligible employees will be paid both the pay award and the performance related payment in October with arrears backdated to 1st April 2019.

**Frequently Asked Questions (FAQ)**

**Pay Awards**

1. How do I know if I am eligible for the pay award?

Eligibility is based on when you joined Ofgem (on the Ofgem payroll), and your status at 1st April 2019.

This means you will receive a pay award (backdated to 1st April 2019) if you joined *prior* to 1st January 2019 and you have since passed your probation. The pay award will be based on your salary at 1st April 2019. Part-time employees will receive an uplift based on pro-rata FTE.

New joiners who have joined on or after 1st January 2019 will not receive a pay award. (They will also not receive a bonus). This also includes employees from other government departments with continuous service.

1. What do you mean by the Ofgem payroll?

This is where you have been issued with a permanent, fixed term or casual Ofgem employment contract.

Individuals on fixed term or casual contracts are employees of Ofgem and have been appointed for a fixed period of time, but, they have not been appointed through open and fair competition. They are still however subject to the performance review process and eligible for a pay award if they meet the above eligibility criteria.

Agency staff and contractors are not eligible for a pay award.

1. What if I am on loan or I have permanently transferred from another government department?

If you have been working with Ofgem since before 1st January 2019 you are eligible for a pay award.

1. Formal underperformance

As explained above in this HR notice, if you are in formal underperformance as at 31st March 2019 you will not receive a pay award.

1. What if I am near the maximum of my pay band or have reached the maximum?

If you are at the maximum of your pay band, you will not receive a pay award.

If you reach the pay band maximum, you will only receive the amount of the pay award that takes you to the band maxima.

1. What happens to individuals who have left on a Career Break?

Anyone on a career break and was not on the Ofgem payroll on 1st April 2019 will not be eligible for the pay award at this time. However, if and when they return to work their starting salary upon return will be adjusted to take into account the consolidated pay award.

1. What happens to employees who are on loan to another government department?

You will normally be appraised and paid in accordance with the host department’s systems. Your loan agreement will detail these arrangements.

**Bonus (or performance related pay)**

1. How do I know if I am eligible for a bonus?

The performance year for this bonus is April 2018 to March 2019. Therefore if you are on the payroll and you joined on or after 1st April 2018 you will be eligible for a bonus if you have a box marking rating of ‘achieving’ or ‘high performing’.

Bonuses are awarded at Q2 (end of September) and Q4 (end of March) and they are calculated on 50% of your consolidated salary (this means that ARA’s are not included if you are in receipt of one) at 30th September and 31st March.

If you are part-time, your bonus payment is pro-rata to the full-time equivalent.

Bonuses are lump sum payments, non-consolidated and not subject to pension.

1. What does this mean to me if I have had different box markings in both quarters?

If, for example, you were *High Performing* at Q2 and *Achieving* at Q4, using the agreed bonus percentages in this notice and you are on a salary of £40,000 and you are band C, this is what it will mean to you:

Q2: Salary at 30 September 2018 is £40,000: at 4.5% (HP) is £1800 @ 50% is £900.

Q4: Salary at 31 March 2019 is £40,000: at 1.75% (A) is £700 @ 50% is £350.

Your payslip will show Q2 payment as one entry and Q4 as another entry.

If you are part-time, your bonus payment is pro-rated from the full-time equivalent. If your hours have changed during the six month period, the bonus will be adjusted accordingly.

1. What if I am on probation?

In your first six months of employment your box marking is ‘new to role/new to Ofgem’ by default. You are treated as part of the probationary process and policy and not part of the performance management framework.

If your probation period expired after or on 30 September 2018, you will not be eligible for any Q2 bonus. Provided you have received either a *High Performing* or *Achieving* box marking at Q4, you will be eligible for a half-yearly bonus payment.

Where your probation period expires on or after 31 March 2019, you are not eligible for a bonus payment at Q4.

1. What if I have transferred from another government department?

Whether you have transferred on loan or otherwise; you will receive a bonus if you have a box marking of either *High Performing* or *Achieving*. If you are still in the box category that includes *New to role* at Q2 or Q4, you will not receive a bonus.

Any bonus must take into account any award from your previous department which the People team will check manually.

1. How am I affected if I have been promoted (either permanently or temporarily) during the performance year or I have transferred to a new post on level transfer?

You may be considered in the box category that includes *New to role*. The expectation is that you should be *Achieving* after a period of not more than three months. You will not receive a bonus payment if you are given the box marking N*ew to role* at either Q2 or Q4.

If you are either *High Performing* or *Achieving* at either Q2 or Q4, the time spent in the higher band will determine how you should be assessed. If you have spent more than three months in the new grade, the box marking will be on the new band and the bonus payment calculated on the higher salary.

1. What happens if I am paid at the maximum point of my pay band?

You will be eligible for a bonus if you have a rating of either High Performing or *Achieving*. This is paid to you in line with the provisions outlined above. As already explained above, you will not receive a consolidated pay award.

1. Are leavers paid the bonus?

Leavers are paid a bonus if they leave after Q2 or Q4 in which they received a *High Performing* or *Achieving* rating.

1. What happens if you have been on long-term absence for whatever reason?

If you have worked for less than three months of the six months of the performance year because of maternity, adoption, parental leave, sickness from a disability covered by the Equality Act, the default box marking *Achieving* will be given.

**October 2019**