

Co-operative Assistance Network Limited

Wages And Collective Performance Related Pay Policy

This policy replaces the “Pay Rates Policy” that was a consolidation of the “Rates for probationers” resolution passed at AGM 4/3/2005 and “Directors' wages” resolution that was passed at AGM of 20/1/2006.

Pay grades

A basic wage is paid to all employees at a level that is sustainable for the business and is above the Real Living Wage as determined by the Living Wage Foundation, which is higher than the Government’s National Living Wage.

Profit cannot be distributed to Members.

There are three pay grades, based on responsibility for Lead Roles taken. Lead Roles comprise the following three types:

- Function Team Leader
- Regional Manager and/or significant other Marketing Domain Lead
- Contract Delivery Team Leader (willing and able)

The role of Director is not included in this list of types of Lead Roles.

(See CAN_Distribution_of_Responsibilities sheet for the full list of Functions and Marketing Domains).

The pay grades are set as follows:

Grade A: Have at least one of each type of Lead Role.

Grade B: Have at least one Lead Role.

Grade C: Have no Lead Roles.

The pay rate for each pay grade is reviewed and agreed by directors annually as part of the budgeting process.

When assigning Leads Roles, the employee will need to have shown both competency and willingness to do that job. Employees may volunteer to reduce down their number of Lead Roles, reducing their pay grade accordingly.

Rates for probationers

There are no different rates of pay for workers who are on membership/employment probation; probationary rate is 100% of the rate for that job.

Directors' wages

Directors and non-Directors are not differentiated between when it comes to rates of pay. There is no supplement for taking on the role of Director. Being a director does count as a Lead Role when determining the pay grades (see above).

Collective performance related pay (CPRP)

A performance related pay is paid annually to all employees.

CPRP is based on the “Average earned per employee hour of work” (i.e. all employee hours worked on both central tasks as well as project related tasks). CPRP is then paid for every £1 above that threshold.

To calculate the “Average earned per employee hour of work”, the “Contribution to overheads per hour” is multiplied by the “% Employee time spent on client work”. These are both metrics used in financial management reports.

The two key parameters for determining the CPRP Fund each year, “CPRP Threshold earned per Employee Hour” and the “CPRP paid out to workers for each £1 above the CPRP threshold”, are set by the Board in advance of the year as part of the budgeting process. (For example, for 2019/20 the “CPRP Threshold earned per Employee Hour” has been set at £25.73ph and the “CPRP paid out to workers for each £1 above the CPRP threshold” has been set at £1,800). Once set, these parameters are shared with all employees.

The year-end management accounts are reviewed and the CPRP Fund for distribution calculated. If the Board decides that payment of the CPRP will result in making a loss or insufficient profit then the Board can review the parameters used in the calculations retrospectively. It is expected that this will not be necessary.

The cost of the CPRP Fund is then accrued in the annual accounts for the year in which it was earned / incurred.

This CPRP Fund is then allocated to all employees in proportion to their contracted hours during that financial year and paid as soon as possible through PAYE. The cost of any employee pension and NIC costs is additional to the CPRP Fund and that cost will be allocated in the accounts to the month in which the CPRP is paid out.

Setting the “CPRP Threshold earned per Employee Hour” and the “CPRP out to workers for each £1 above the CPRP threshold”

In setting these parameters, the Board will use the following as the basis for their calculation:

- “CPRP Threshold earned per Employee Hour” = $105\% \times \frac{\text{“Total budgeted annual overheads”}}{\text{“Total budgeted employee hours”}}$

- “CPRP paid out to workers for each £1 above the CPRP threshold” = $75\% \times \frac{\text{“Total budgeted annual wage cost”}}{\text{“CPRP Threshold earned per Employee Hour”}}$

The Board will test these parameters against the budgets to make sure that they are workable prior to publicising to employees.

Review of policy

This policy will be reviewed every two years, or sooner if necessary, with particular attention paid to the Lead Roles required for each pay grade and the algorithms / parameters used for calculating performance related pay.

Responsible Department: Finance

Implementation Date: 04 December 2020

Review period: 2 years

Next review due: 04 December 2022

Agreed at Directors Meeting of 17 June 2020

Passed at Members Meeting of 04 December 2020