Elizabeth Finn Homes

*Loving homes where people flourish*

# ***Remuneration Policy***

## Contents



## Policy Statement

This document sets out our approach at Elizabeth Finn Homes' (EFH) to remuneration and the mechanisms and procedures that inform salary progression for all employees in our organisation, including bonus eligibility for senior colleagues.

We are committed to a Remuneration Policy that offers fair pay to attract, develop and retain appropriately qualified and experienced employees to lead, manage, support and deliver services in line with our business strategy and vision. This is aligned to the Care Quality Commission's Regulation 18 to provide sufficient numbers of suitably qualified, competent and skilled staff to meet the care needs of residents.

We believe fully in equity, diversity, inclusion and belonging and are committed to the principle that pay and conditions should not be discriminatory. We recognise that the attainment of equitable remuneration in terms of all protected characteristics requires a system that is transparent and based on objective criteria.

We seek to align remuneration and benefits to the market median for comparable care businesses. For this purpose, the market median is defined as being 90% - 110% of the market median which in turn informs the salary ranges for respective roles.

As a Real Living Wage (RLW) employer, we ensure that all positions meet the requirements of the Real Living Wage accreditation.

This policy applies to all our employees and Bank workers; it does not apply to agency workers, self-employed contractors or volunteers.

No Executive member can propose or approve their own remuneration. The remuneration of the Chief Executive is determined by the EFH Board.

This policy is non-contractual and may be updated or varied by EFH.

## Principles

Our remuneration policy is designed to attract, develop and retain dedicated, motivated and high performing employees to work and lead our organisation and is guided by the following core principles:

- Fair: ensuring fairness in decision making on remuneration aligned with our values of bring love, welcome all, inspire more and act with purpose.
- Transparent: ensuring transparency of our remuneration processes for all employees.
- Affordable: supporting longer term financial sustainability for us and our charity owner, Turn2us.

We believe in equity, diversity and inclusion and are committed to the principles that pay and conditions should not discriminate. We complete and publish annual gender pay gap analysis reports as part of this commitment.

## Salary bands

We seek to pay at the market median with salary rates and bands at between 90% and 110% of the market[1].

On a periodic basis, we complete pay benchmarking exercises to compare our remuneration against similar organisations and roles in the sector. This in turn informs salary rates and bands.

The salary bands across the organisation will be reviewed at a minimum of every three years.

Occasionally, we may need to pay outside of the salary bands for "hard to recruit" roles. Any individual salary proposals outside of the salary ranges must be referred via the respective Director to the People Director and will be considered in line with the EFH Financial Scheme of Delegation.

[1] *The market median is used to illustrate how internal pay compares to the median average of salaries in the market for roles, expressed as a percentage. An employer seeking to pay at the market median would tend to have salary ranges within 10% of the median to provide the opportunity for salary growth within range for existing employees and to be competitive in the market.*

If market factors significantly affect the ability to recruit for certain roles, a specific review of the pay bands for those roles will be undertaken in line with the above.

## Salary reviews

The salaries of all our employees are reviewed annually with any proposed increases reviewed by the Finance Committee for recommendation to the EFH Board. Pay rises are effective from 1 April each year.

The annual budget for salary increases will consider the financial performance of the business, inflation (according to CPI inflation indexes), other pay benchmarks, for example Agenda for Change, and any relevant organisational financial projections.

Any cost of living pay awards to employees (outside those required to maintain the EFH Real Living Wage accreditation) must be affordable and sustainable to us and our parent charity, Turn2us.

To ensure fair pay and to meet the aim of us paying in line with the market, individual salaries in relation to the market will be considered when allocating the salary budget. Employees must be employed on 1 April of the respective year to be eligible for a pay award.

## Overtime, Bank Holiday and out of hours payments

Certain categories of employees working in our care homes may be required to work hours in excess of those for which they are contracted. In certain circumstances, a premium will be paid for this in line with the published overtime rates and how they apply.

## Pay Ratio

As part of our commitment to pay equity, the ratio between the median FTE total remuneration and the highest FTE pay should not exceed 6:1.

## Acting up payments linked to internal secondments

At times, an employee may get the opportunity to act up in a role, for example covering a parental leave period via a secondment. During that period, they will be paid a salary commensurate with the respective role.

Acting up payments will be for a defined fixed period to cover a specific, more senior role and will need to be agreed in advance by the respective Director and the People Director.

At the end of the acting up period and on return to their original role, their salary will revert to the level of their original role, subject to any annual salary rises applying to that role during the period of the secondment.

If the employee moves into a role at the same level as the acting up position, they will retain their new salary.

Acting up payments do not apply for routine cover of annual leave, sickness or recruitment gaps.

If someone is seconded to another role at the same job level, their salary will remain the same.

Full details of the secondment policy can be accessed on the Elizabeth Finn Homes Intranet under the People Management section.

## Payments to reflect additional responsibilities

At times, an employee may be asked to take on distinct additional responsibilities to be undertaken alongside their current role for which an additional payment may be made. This relates to material additional pieces of work or responsibilities for a fixed period, for example leading a time critical project.

Business cases to make additional responsibilities payments must be approved in advance by the respective Director and the People Director.

During that fixed period, the post holder will receive a 5-25% increase to their salary dependent on the quantum of additional responsibilities.

Any extension arrangements would also require approval in advance by the respective Director and the People Director.

## Performance Related Pay and Bonuses

Elizabeth Finn Homes operates a non-contractual discretionary bonus scheme for a range of senior roles to ensure their continuous focus on key business areas and overall financial performance either at the home level for the Registered Home Managers, or at the group level for the senior management and executive teams.

**Registered Home Manager bonus scheme**: this is discretionary and is non-contractual, determined and agreed each year by the Executive Leadership Team. Full details are included in the detailed Bonus Schedule, reviewed annually and approved by the EFH Board. This bonus is made up of criteria designed to drive performance in line with business needs, and to reward excellence. There is a maximum award potential of 20% of salary based on objective, measurable criteria that include care quality, staff metrics, and commercial performance.

**Senior Management Team bonus scheme:** this is non-contractual and discretionary, determined and agreed each year by the Executive Leadership Team. The objectives for payment of any bonus will be aligned to those of the Executive Leadership Team, and set out in the detailed Bonus Schedule, reviewed annually and approved by the EFH Board. The bonus is paid to a maximum award of 6% of salary, determined by objective, measurable criteria that include care quality, staff metrics, and commercial performance.

**Executive Leadership Team bonus scheme:** this is non-contractual and is discretionary, determined and agreed each year by the EFH Board. The ELT bonus incentivises the achievement of annual objectives, which support both the short and long-term performance and strategic goals of our organisation. The bonus is paid to a maximum award of 20% of salary, based on objective, measurable criteria that include care quality, staff metrics, and commercial performance.

The EFH Board reviews the annual bonus criteria each year to ensure it reflects the strategic requirements of the business at that time. The specific KPIs and weightings are set out in the detailed Bonus Schedule, reviewed annually and approved by the EFH Board.

The award of the Registered Home Managers and SMT bonuses is to be agreed by the Directors and then presented to the Finance Committee in May for recommendation to the EFH Board. Bonuses can only be notified and paid once EFH Board approval has been received.

The award of the Director bonuses is to be agreed by the CEO in May for recommendation to the EFH Board.

The EFH Board determines and agrees the award of the CEO bonus.

Where a Registered Home Manager, Senior Management Team member or Director is appointed mid-year any bonus entitlement will be pro-rated for the period of actual employment.

For a bonus to be payable for any interim role, the interim period would need to exceed three months.

The employee must be actively employed and not in their notice period at the payment date, usually in June, to be eligible for a bonus payment.

## Appeal Process

Employees have the right to appeal over decisions taken on their salary increase or discretionary bonus payment. Should the employee not agree with the rationale for the decision or the process by which the decision was made, they can appeal in writing to the People Team. Appeals will be heard by the People Director.

Appeals relating to the Chief Executive or other Director salaries will be assessed by the Board Chair or an appointed Non-Executive Director of the EFH Board.

The outcome of any appeal will be advised to the employee by the People Team.

## Transparency

The EFH Board will approve the statement in the Annual Report that sets out how the Executive Directors salaries are determined. This report will also be published on the company's website. The statement will be compliant with Statement of Recommended Practice (SORP).

## Review of Policy

The EFH Board will review this policy, at a minimum, every three years.

| Review date | Next review date |
|---|---|
| September 2025 | September 2028 |