

THE ROYAL NAVAL BENEVOLENT TRUST REMUNERATION POLICY

INTRODUCTION

1. The National Council for Voluntary Organisations (NCVO) published the results of their inquiry into senior executive pay and recommended that all charities with employed staff should have a remuneration policy. The Trust has always exercised a methodical and transparent approach to setting employees' pay and this policy articulates the process.
2. The objective of these guidelines is to ensure the Trust remunerates staff at levels commensurate with delivering the Trust's charitable objectives in an efficient, cost-effective and sustainable fashion.

SENIOR EXECUTIVE REMUNERATION

3. The Trust provides support to around 3,000 beneficiaries a year through welfare grants and provision of care to the elderly. The Trust manages expenditure of around £5 million per year, manages assets worth £35 million and employs over 100 staff. The Trust has a reputation for delivering excellence in grants to individuals and strives to provide similar levels of excellence in elderly residential care at Pembroke House and the John Cornwell VC National Memorial Alms-house. In order to maintain its reputation for quality and efficiency, the Trust needs to be well led by Senior Executives able to demonstrate high standards of leadership, operational, clinical, strategic and/or financial skills and experience.
4. A balance has to be struck between a number of factors when determining senior executive pay policy. On the one hand there is the esteem and value of working for a charity which leads to some employers applying a discount, whilst on the other, there are a limited number of applicants of sufficient quality for senior roles in the charity sector. The Trust's inability to offer some of the incentives offered by the private sector such as bonus payments and share-based incentives and the pension benefits offered by the public sector, can often be a deterrent in attracting applicants of the right quality. There is also a need to consider how increasing pay, particularly at senior levels, would be perceived by employees, donors and beneficiaries.
5. The policy for senior executive pay within the Trust is that remuneration should be set at or close to the median level for equivalent sized charities.
6. In determining levels of pay, the Trust references pay data from Croner's annual Charity Rewards survey which has around 300 participating charities taking part. In addition peer comparisons are undertaken with similar sized Service charities.
7. The Trust complies with the SORP requirement to disclose the number of employees paid above £60,000, showing the number of employees within each band of £10,000 over this limit. The Trust will comply with the 2015 SORP's requirement to disclose the aggregate amount of employee pay received by key management.
8. Any increase to senior executive pay over and above the annual inflationary increase has to be approved by the Chairman and Honorary Treasurer unless it is as a result of an overall review of pay and conditions of employment.

OTHER EMPLOYEES' REMUNERATION

9. All other employees' rates of pay are compared (where a comparison exists) to the equivalent job role within the Croner's Charity Rewards survey and peer review with similar organisations. The Trust aims to pay at or close to the median level of pay as referenced in the Croner's survey.

10. The Trust will comply with Minimum Wage legislation. The lowest rates of pay are in excess of National Minimum Wage levels. The Trust will not differentiate rates of pay based on age.

11. The Trust has plans in place to comply with new National Living Wage rates being implemented by the Government in April 2016. This is due to be set at £7.20 per hour rising to £9 per hour by 2020. The Trust's pay rates for some roles are likely to be higher than the minimum National Living Wage rates in the early years of implementation due to the incentives being offered to rationalise differing pay rates and introduce new employee contracts. However, by 2020 the Trust's pay rates for the lowest paid roles are planned to be marginally above the £9 minimum. It is the Trust's intention to continue to pay slightly above statutory minimum rates in order to attract and retain high quality staff.

ANNUAL INCREASES IN PAY

12. The Finance & General Purposes Committee has responsibility for approving any annual inflationary increases to pay. A report is presented to the F&GP Committee each January with a recommendation based on a number of factors including inflation rates, actual and forecast pay settlements across the different employment sectors, affordability and any recruitment and retention issues.

PERIODIC PAY REVIEW

13. A full review of pay bands/scales is carried out periodically to ensure the Trust remains in step with the sector as informed by the Croner's Charity Rewards annual publication and peer charity comparisons.

OTHER FORMS OF REMUNERATION

14. Levels of pay have to be considered alongside other forms of reward available to employees. This includes the Trust's pension scheme (which offers a 7% employer contribution) and other employee benefits which include a health cash plan, death in service benefit and permanent health insurance. It is the Trust's intention to offer a competitive range of employee benefits as part of a total reward package.

CONCLUSION

15. The Trust's remuneration policy appears to be effective inasmuch as recruiting and retaining staff of the right quality has not been problematic other than in national, shortage categories (Registered General Nurses are a case in point).