

IKAMVAYOUTH REMUNERATION POLICY

Approved by the IkamvaYouth board on *(18 November 2016)*



IKAMVAYOUTH

THE FUTURE IS IN OUR HANDS

1. PURPOSE

- 1.1. To define IY's remuneration philosophy, principles and practices.
- 1.2. To document practices in respect of determination of pay structure, remuneration model, remuneration offers, annual increases and employee benefits.

2. DEFINITIONS

- 2.1. **Basic Salary:** This is the guaranteed monthly payment made to an employee excluding any allowances and any cash or non-cash fringe benefits.
- 2.2. **Employee:** Any person employed by IY, but excludes independent contractors.
- 2.3. **Guaranteed Remuneration:** This includes the basic salary and company contributions to medical aid where applicable.
- 2.4. **Job evaluation:** A process of determining the relative worth of a position in the organizational hierarchy using a particular job evaluation system.
- 2.5. **Paypoint:** The specific pay of an individual employee at any one point in time.
- 2.6. **Pay range:** This refers to the full pay range attached to a particular salary grade.
- 2.7. **Salary scale:** Refers to the full listing of pay ranges attached to all the job grades used by IY.

3. SCOPE

- 3.1. This policy shall apply to all employees, with the exception of Interns, who will be remunerated according to the Internship Policy.

4. GUIDING PRINCIPLES

Remuneration plays a critical role in attracting, motivating and retaining high performing and talented individuals and IY'S remuneration practices shall be guided by the following principles:

- 4.1. Remuneration must be affordable, sustainable and must be aligned to the strategic priorities of IY.
- 4.2. IY offers a basic salary; employees are responsible for their own retirement saving plans. IY offers assistance with respect to medical aid.

- 4.3. Basic salaries will take into account the dynamics of the external market and variable remuneration will be designed to encourage and reward good performance.
- 4.4. Remuneration management shall be integrated into other human resource management processes.
- 4.5. The organisation may differentiate in remuneration taking into account the competencies (knowledge, skills and behavioural competencies), experience and performance of the individual; availability of skills on the market; retention objectives, etc.
- 4.6. Salaries shall be fair and equitable. Employees occupying jobs with equal responsibility and complexity which are graded on the same level will be remunerated within the same salary pay range.

5. PAY DAY

- 5.1. Salaries shall be paid on the 25th of each month or earlier if the 25th falls on a weekend or public holiday. Salaries shall be paid by automatic transmission into the employee's bank account, the details of which shall be supplied by the employee. Loss of a salary as a result of the employee submitting incorrect banking details shall not be borne by the organisation.

6. SALARY SCALES

- 6.1. An externally benchmarked salary scale will be created for each grade level, based on guaranteed basic monthly salary.
- 6.2. The structuring of the salary scale shall take into account a number of factors such as the strategic objectives of the organisation, positioning of current salaries vis-à-vis the external market, costs and affordability.
- 6.3. The salary scale shall be reviewed every 2 years with reference to external market data for similar sized non-profit organisations in order to establish what changes, if any, need to be made. Any such changes shall be subject to affordability and shall be approved by the IY Board.
- 6.4. In addition to any changes required to the salary scale due to benchmarking, and subject to affordability, the September CPIX should inform the amount provided for across the board adjustments to the salary scale.
- 6.5. The salary scale applicable within a particular financial year, shall be approved on an annual basis by the IY Board, on recommendation of the HRGC. The Executive Director shall submit recommendations to the HRGC, following input from the COO, the Finance Manager and the HR Manager. These recommendations shall take into account necessary changes arising out of benchmarking, as well as CPIX.

- 6.6. Adjustments to the salary scale shall not provide any guarantee of individual salary progression, however, no employee shall be paid below the minimum of the pay range applicable to their grade.

7. ANNUAL COST OF LIVING ADJUSTMENTS AND SALARY PROGRESSION

- 7.1. Employees shall be eligible to receive annual cost of living related adjustments, in addition to performance related pay progression, subject to annual budget approval by the Board.
- 7.2. How performance related increments are paid shall be based on the Performance Management Policy.
- 7.3. The Board shall consider the amount of budget available for across the board cost of living related increments, performance related pay progression and individual adjustments, at their November Board meeting. A single amount shall be allocated for the purpose of performance related pay progression and any individual salary adjustments for the purpose retention of scarce skills, with the discretion to implement lying with the ED and COO as per clause 7.7 below.
- 7.4. New salaries shall be implemented with effect from 1 December.
 - 7.4.1. Across the board adjustments shall be paid in December.
 - 7.4.2. Any performance related pay progression shall only be paid once the performance review process as set out in the Performance Management Policy has been concluded.
- 7.5. Employees who leave the organisation for any reason prior to the Annual Review shall not be eligible for any performance related pay.
- 7.6. Only employees with at least 6 months' service before 1 December, may be eligible for a performance related pay progression.
- 7.7. In determining individual annual salary increases, the ED and COO shall have discretion, within the approved budget and taking into consideration the following:
 - 7.7.1. The latest performance assessments relevant to pay progression, as set out in the Performance Management Policy.
 - 7.7.2. Individual salary adjustments linked to retention of scarce skills may be a consideration for salary progression within the band, in exceptional cases.
 - 7.7.3. An Employee who has reached the top of his or her salary band may be eligible for up to the equivalent of the performance related pay progression in the form of a once off lump sum payment, which will be paid at the same time as the annual salary adjustment but will not affect their basic salary level into the future.
 - 7.7.4. Employees who are above the maximum of the scale may be brought into the scale via one of the following mechanisms:

- 7.7.4.1. application of 75% of the across the board increment referred to in 7.3 above;
- 7.7.4.2. in a year where the across the board individual increment is below CPIX and where the scale has been adjusted by full CPIX, application of 7.7.4.1 may be waived.
- 7.7.5. The ED and the COO shall have discretion in relation to the payment of performance lump sum to employees above the maximum of the scale, both in determining the quantum and in determining whether any lump sum is paid at all.
- 7.8. Salary adjustments for the ED and COO shall be determined by the HRGC.
- 7.9. A new employee with less than 6 months may be considered for reduced increment, subject to probation report & team performance.
- 7.10. IY reserves the right to make no annual adjustment in situations of:
 - 7.10.1. Consistent underperformance here an employee is undergoing a formal performance improvement process or;
 - 7.10.2. where the IY Board has not approved any across the board increment.

8. REMUNERATION OFFER FOR NEW EMPLOYEES

- 8.1. As a general rule, employees who comply with the minimum requirements of the job will be appointed at the minimum of the salary scale. Appointment at midpoint shall, as a general rule, be made for candidates who are fully competent in all aspects of the job. Appointment to a paypoint above the midpoint shall, as a general rule, only be made in instances of exceptional candidates.
- 8.2. In determining the appropriate paypoint, IY will assess the following factors: qualifications, work experience, performance in the selection process, current salary and internal equity.
- 8.3. Any offers exceeding the thresholds stipulated above shall be referred to the Executive Director and COO and HRGC for recommendation to the Board for decision.

9. JOB EVALUATION

- 9.1. To establish a fair, equitable and transparent job evaluation process which ensures jobs are appropriately graded to achieve equal remuneration for jobs of equal value and to maintain consistency in job grading.
- 9.2. The various jobs within the organization are measured by means of job evaluation and are expressed as job grades.
- 9.3. The job evaluation and grading system will form the basis on which a proper remuneration structure and pay scale shall be developed. Reference shall be made to the Paterson pay

ranges and corresponding grades. The grading of individual positions shall be undertaken by an external job evaluation specialist.

- 9.4. The HR Manager shall scrutinise all grade outcomes for consistency. In the event that the grade is considered inconsistent or inaccurate, the HR Manager shall liaise with the external specialist to discuss context and, if required, liaise with the line manager to review the content of the Job Description.
- 9.5. Grades shall be referred to the ED for final approval and implementation.
- 9.6. IY shall be responsible for ensuring that every position has an approved job description. Should any position change over time, the employee may request that their job description be revised. Any such revision shall be supported by the COO and shall be submitted to HR for the purpose of facilitating an independent grading of the position.
- 9.7. In the event that an employee's position is regraded to a higher grade, the employee will move to the minimum of the new grade, provided that she/he is not already within the pay range of the higher grade. In such instance the COO may approve a salary adjustment of up to a max of 2%.
- 9.8. In the event that an employee's position is regraded to a lower level, the employee will retain their current paypoint, but will receive a maximum of 75% of any applicable increment, until such time as the paypoint falls within the new pay range.
- 9.9. Regrades shall be applicable from the month following formal approval by the ED.