

# Compensation: Our Philosophy

*“We really appreciate all the work that you do and strongly support as many of the petitions we can do. The need for an organisation such as 38 degrees is more important now than it’s ever been. So please accept our small contribution and keep holding the government to account.” - Paul and Lyn, Newcastle*

## Introduction

38 Degrees exists to campaign for a fairer country, which is more respectful, and a world that is more sustainable.

We work to help move the country in that direction by empowering the millions of our supporters who help us make that difference - through taking action themselves and through funding our impactful campaigns - and our salaries.

In 2021, 108,469 different people, like Paul and Lyn, donated to us an average of five times over the course of the year. That added up to 522,944 individual donations to our campaigning, with people giving an average of £8.67 each time.

We know we are winning when we make a difference to the lives of our supporters, the country and the world through effective, creative campaigns which help make our country fairer, more respectful and more sustainable.

## What we need to succeed

To achieve more of the impact we want to see, we need to attract and retain talented, passionate people who believe in our strategy, the approach we're taking to get there, and who want to work together - and grow in their craft and creativity - to make it happen.

We will do that by fostering a culture of ambition, kindness, togetherness and by rewarding people for their work through a total rewards package that is competitive within the relevant comparable sector and which lives out the compensation principles agreed by the team and Board - *fair, equitable, sustainable*. We will have a culture where we are always conscious of how we are funded - through small donations from thousands of people across the country who believe - and want to see that, together, we can make a difference.

## Compensation Approach

Our approach to compensation will be based on our **principles of fair, equitable, sustainable and based on total reward**. We define:

- **Fair** - by ensuring our pay structures are clear, transparent, and non-discriminatory
- **Equitable** - as what we can do as an employer to dismantle the barriers that lead to inequalities
- **Sustainable** - as supporting the long term existence and success of the organisation

- **Total Reward** - as the whole offer that working here brings, including salary and a host of other benefits and support.
- We ensure **fairness** by evaluating each job using the Birches job evaluation framework, ensuring that jobs that have a similar scope of responsibility, knowledge, skills, experience requirements and organisational impact have similar levels of pay, in all UK locations.
- We ensure that our salary scales are developed through a benchmark against comparable organisations.
- We will continue to be transparent with our pay data, and will share our salary scales with the internal team
- We will share both externally and internally gender, ethnic and gender pay gap data and publish our pay ratio
- We are an equal opportunity employer, this means we treat all employees equitably with regards to the terms and conditions of employment offered, including pay.
- We strive for **equity** by: by tracking our gender and ethnic pay gap data and reviewing this data to understand it better, to enable us to make an informed decision on what more we need to do if we see any patterns
- We are committed to being more than a Real Living Wage employer, and will use our total rewards package to support and enable people who have traditionally faced structural injustice and discrimination wherever we can
- We ensure that our total rewards are **sustainable** by carefully weighing up their affordability, by ensuring that we have the reserves to face any income shock, and by ensuring that all aspects of our total rewards are justifiable to supporters, our board and ourselves.

### **Applying our philosophy to decisions about total reward**

In applying the above principles, the organisation will:

- Commit to be an equal pay employer, tracking pay gaps and making plans to tackle any inequity found;
- Ensure transparency in all aspects of the total rewards offered to all employees;
- Recognise representation of employees through trade union structures, engaging in negotiation and consultation in good faith and a spirit of partnership;
- Create understandable policies to implement our total rewards

### **How we set compensation**

We take a **total reward** approach, which means we take salary, benefits and reward into consideration when making pay decisions.

In setting our total rewards, we regularly ensure we are competitive by comparing ourselves to not for profit (NFP) organisations in similar sectors in the UK using a criteria that considers:

- NFP (not for profit organisations)
- Organisations with the same or comparable roles
- Organisations with roles that reflect our job levels

We benchmark ourselves against comparable organisations once every three years to

ensure that we understand changes in total reward amongst this group, to support organisational priorities, and needs, and to ensure we remain competitive. If we find that our position amongst comparable organisations has changed, adjustments may be made to our total reward based on affordability and sustainability.

### **Competitive Positioning**

Our salary ranges are set at the 60th percentile position of comparable NFP organisations who we benchmark against, which means we pay above the average of NFP organisations within our benchmark. Ultimately our financial resources will determine our ability to maintain our market position. When significant differences arise between our pay and the market, the need for adjustment is assessed in order to make an informed decision.

### **Our approach to pay and performance**

Driven by a passion for the causes we fight for, and the supporters who fund our work, we are committed to, and have the expectation of, high levels of performance at all times from a highly talented and committed team. We are willing and able to be flexible, tenacious, intellectually curious and collegiate to enable everyone to achieve our collective goals.

Because of our commitment to excellence, we want to recognise the value each member of the team brings in order to ensure that we can attract and keep those people on the team. We have created - and will maintain - a total rewards approach that is fair, equitable and sustainable

We will provide the framework for pay and performance this year and our approach once finalised will be added to this document.

### **Making decisions about pay**

We recognise that we must balance the need to be externally competitive with the need to be internally equitable. We also understand that job markets differ from one another and some roles may need to be paid at higher salaries in order to attract and retain the right talent; at present our technologist roles are paid at a higher salary than comparable roles due to the high cost of this specialist group.

### **Cost of Living adjustments**

We recognise the impact of inflation on pay and will strive to ensure pay increases in line with the cost of living. We agree on a percentage rise in the cost of living each year by understanding CPI over a period and awarding COLA on the 1st October using CPI index to support financial planning and to ensure the percentage increase enables us to be good stewards of our financial resources in line with our principle to remain sustainable. To remain sustainable it may mean that in an extremely difficult financial year we are unable to meet the full inflationary increase. We are committed to discuss our planned increase with the JNC each and every year.

### **Decision making on total reward**

Our Board is ultimately responsible for approving our total reward approach and all pay decisions.

## **Our Compensation Principles and the Criteria that Define them**

### **Board Approved Principles**

- ★ Fair
- ★ Equitable
- ★ Sustainable
- ★ Based on Total Reward

#### ***Fair - we define this by ensuring our pay structures are clear, transparent, and non-discriminatory***

- Our salary scales are underpinned by job evaluation frameworks which provide clarity about the skills, experience and expectations of every role, and where it is positioned relative to other roles.
- Our salary scales provide clarity on why people are paid what they are paid. They are one tool in reducing biases that create gender/race/class based gaps, in part because they remove the need for individuals to negotiate for themselves
- We benchmark our salary scales against the 'market' - which we define as comparable roles (similar work, jobs and grades) at comparable NFP organisations.
- Consistent and fair management of performance is crucial to fair and equitable pay. Everyone must be held to the same standards in order for pay to be fair.
- We expect and want to ensure that our total reward offer is not influenced by someone's gender, race, sexuality, ethnicity or physical ability. To achieve this, we ask team members to provide their own self reported identities in an anonymous system and then report at the whole org level and at team/job function level by each of these dimensions to ensure that we are not unknowingly perpetuating biases. If we find that we are, we commit to doing what we can to address this, (which might include things like targeted training, adjustments to flexible working, changes to policies, changes to our recruitment practises)
- We continue to commit to salary transparency
- We will continue to publish our pay ratio but will not set a specific ratio target instead using our salary scales and benchmark data to ensure that our total rewards are fair, equitable and sustainable. so we do not limit our ability to grow and bring in the talent we need. Fair pay will not be based on a ratio but on all of the above.

#### ***Equitable - we define this as what we can do as an employer to dismantle the barriers that lead to inequalities***

- We will continue to be a 'Real' living wage employer - accredited by the 'real living wage' organisation. Tracking this wage level as the entry point for our team salaries (including future intern program). [Real living wage](#) includes a London weighting provision and is relevant to anyone over 18 years. No directly employed member of our team will be paid less than the Real Living Wage + 20%.
- We will do a benchmark survey every three years
- A total reward approach allows us to integrate benefits with monetary cost to the organisation designed to dismantle structural inequalities - specifically our provisions

for carers leave, sick leave, parental leave and flexible working, religious leave and rental deposit loan.

***Sustainable - we define this as supporting the long term existence and success of the organisation***

- We must be able to justify our decision about our total reward offer to our supporters who give us money (balancing the knowledge that the primary driver of donations is running highly impactful campaigns with the knowledge that this only possible with an excellent and motivated team)
- Our approach must be affordable - it must be based on the financial context, planning and performance of the organisation and our reserves policy (which is there to ensure organisational resilience and therefore sustainability).
- All pay decisions must not undermine the organisation being a 'going concern', acknowledging that macroeconomic factors are always at play. (In practice this means that in extreme circumstances pay freezes or offering a COLA % that is lower than the national COLA % in a given year are both possible scenarios). At all times, we will strive to ensure every member of the team receives a COLA pay rise each year, with the decision on this question subject to annual consultation with the union to review all relevant factors before a decision is taken.

***Total Reward - we define this as the whole offer that working here brings, including salary and host of other benefits and support.***

- Our philosophy is to create an excellent total reward package creating the conditions for excellence; attracting excellent people and retaining them through compensating for excellent performance. We will only achieve the ambitions we have set ourselves and the country, with this mindset and team.
- We will be clear and transparent about our expectations for excellence as an organisation and how individuals and teams will be accountable for this, so that our total reward offer is justifiable to our Board and our supporters and ourselves.
- A total reward approach allows us to integrate benefits with monetary cost to the organisation, enabling us to deliver on our bringing our fair and equitable principles to life.