



Organisational Pay Philosophy

May 2023

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Introduction

The Mungo Foundation aims to provide an attractive, affordable total reward package of pay and benefits for our staff. Our organisational pay philosophy sets out how we will achieve this.

We recognise that we operate in a complex and demanding sector, and we have much in common with other social care providers in terms of the significant operating challenges we face. One of which is increasing difficulties in attracting and retaining staff at all levels, especially front line staff. Part of our approach to ensuring our sustainability is the steps we have been, and are, taking, with regards to the pay, reward and management of our staff.

Our Pay Principles

We will:

1. Seek to pay fairly for all the varied roles that we have
2. Pay salaries that are broadly in line with the social care sector, for all roles
3. Pay what we can afford. This means we will be realistic about our operating parameters, and we will not aim to compete with pay levels in the private sector or groups within the public sector that have significantly more funds available
4. Consult and negotiate as appropriate with staff and our trades union partner over the design and implementation of our pay and reward structure and any updates to it
5. Move away from incremental scales and have a pay structure that appropriately rewards qualifications and also avoids discriminating against those with lesser service
6. Encourage staff to develop their careers and increase their earnings by moving up into higher level roles. As part of this we will make some higher level posts available as interim and/or seconded opportunities
7. Recognise that some staff may choose to stay at the level they are at, and not move up to a higher level role
8. Undertake external salary benchmarking where appropriate, to inform our pay structure
9. Pay within a reasonable ratio for our Chief Executive Officer against our lowest paid employee (currently less than 5:1)
10. Review our pay structure annually and make cost of living awards where we can afford to do so. Such awards may be in the form of a consolidated or non-consolidated award, or elements of both.

11. Deal with exceptions to our pay structure on a case-by-case basis, agreed by the Executive Team where operating conditions demand it.

Our Operating Environment

We have a volatile funding model, and we can only pay our staff what we are funded for from commissioning authorities. The consequences of this (as for other social care providers) are modest hourly pay rates for our Project Workers and Ancillary staff, in comparison to similar level roles in other sectors. However, we pay at least the Scottish Living Wage, and we are guided by the principles of the Fair Work initiative. In particular, Security: *“Security of income can contribute to greater individual and family stability and promote more effective financial planning, including investment in pensions”*.

Because we have different commissioning authorities and receive different payments depending on the type of service, we have in some cases made up the shortfall in terms of our staffs' pay rates.

Due to the volatility of our funding model (and rising costs, for example in utilities), we are operating a number of projects at a deficit, and this is unsustainable in the long term. It is also an operating model with significant risk. So, we are taking steps, with support from Board colleagues – to explore our options and mitigate the risks.

Another aspect of our operating environment is the increasing difficulties in attracting and retaining front line staff. This reality is shared by all other social care providers, and we are increasingly seeing an impact on our ability to attract and retain to Head Office support functions such as Finance and Human Resources/People. Again, this is a challenge which is not unique to us. We will increase salaries in a targeted way where we can afford to do so, as well as reviewing and restructuring roles to make them more attractive in the recruitment market.

Our Strategic Priorities

Because of the direct impact on social care provision that our frontline staff have, we prioritised them when reviewing our pay structures in 2022 and 2023. External benchmarking activity provided evidence that our frontline management salaries were not in alignment with our competitors. This was contributing to our difficulties in recruiting and retaining Operations Managers and Registered Service Managers.

We decided to stop work on a previous job evaluation exercise and have communicated to all staff and our Trades Union partners to this effect. The new strategic approach has a greater emphasis on rewarding achievement of qualifications required for the roles. We began with a new pay structure for Operations Managers in August 2022 that then allowed us to recruit strong

candidates to vacant positions and provide a consistent level of high-quality senior leadership across all of our projects.

In October 2022 we brought in a two tier pay structure for Registered Service Managers (RSMs) that rewarded them fairly and in line with market rates. The tiers relate to required qualifications, with the higher rate paid to those with full qualifications. There are agreed timeframes for those without the required qualifications to achieve them. The two tier pay structure removed the incremental pay scale. Our aim is to enhance the professionalism of our RSMs; provide a clear incentive for achievement of qualifications; and provide greater stability for Project Workers by improving our ability to recruit and retain permanent RSMs.

Our next phase was to review the pay of Team Leaders, which we concluded in March 2024. The Team Leader pay structure now has two tiers and is qualification related.

For Project Workers and Ancillary Staff, we pay hourly rates in line with our competitors and at or above the Scottish Living Wage. We aim to give all our staff cost of living updates when we can afford to do so.

Other aspects of our Employee Proposition

Equality

We recognise the importance of equality and valuing diversity and comply with all relevant equality and employment legislation. We are committed to ensuring that all our employees are treated fairly, regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

Employee terms and conditions and benefits

We recognise that pay is not the only important aspect of a person's employment. We provide mechanisms for all staff to have regular supervisions or 1:1s with their line manager; to receive opportunities for learning and development and career development; and for them to have effective communications and engagement channels. Where we can, we provide flexible working opportunities (e.g., part time hours and, for office-based staff, hybrid working). All of this will strengthen the sense of belonging and recognition.

We also provide a pension and other benefits which provide "added value" for our staff. We have Health Assured on board and they provide staff with resources for gaining and maintaining good physical and mental health. They also provide free employee counselling. We also provide free key vitamins for our staff to help

maintain good physical health. Additionally, Pluxee provide a savings and benefits platform (which we have rebranded as Mungo Money). This gives staff a broad range of savings on shopping and entertainment, as well as the chance to enter regular prize draws. We aim to improve communications and access to our benefits.