

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

[Letterhead of Customer]

Dear Sirs

Letter of Appointment

This letter of Appointment dated TBC is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	CCMK21A07
From:	[Cabinet Office] ("Customer")
To:	Korn Ferry (UK) Limited

Effective Date:	29/10/2021
Expiry Date:	End date of Initial Period [29/07/2022] End date of Maximum Extension Period [29/07/2023] Minimum written notice to Supplier in respect of extension: [30 days]

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B.
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Key Individuals:	Redacted
[Guarantor(s)]	[N/A]

Contract Charges (including any applicable discount(s), but excluding VAT):	£64,987.50
Insurance Requirements	Additional professional indemnity insurance adequate to cover all risks in the performance of the Contract with a minimum limit of indemnity of £1 million for each individual claim. Insurance requirements outlined in the Framework agreement
Liability Requirements	Suppliers limitation of Liability (Clause Error! Reference source not found. of the Contract Terms); As per Clause 18.2 of the Contract Terms Guidance Note: consider Clause 18 (Liability) and confirm the Suppliers financial limits of liability. Consider whether the default limits to the Suppliers liability in Clause 18.2 are appropriate for the Contract and represent the right apportionment of risk between the Customer and the Supplier. The aim should be to establish liability ceilings reflecting a combination of the best estimate by the Customer of the losses that it (and any other associated bodies) might suffer in the event of a Default by the Supplier, the likelihood of those losses occurring and the value for money considerations in limiting liability.
Customer billing address for invoicing:	Redacted

GDPR			
	Description		Details
	Subject matter of the processing	External market data of both the public detailed down by grade, location and function	
	Duration of the processing	Within 2-3 weeks of awarding the contract (2021)	
	Nature and purposes of the processing	The data will be already available to the database. The supplier will be required to provide information they have within their database	

	Type of Personal Data	No personal data will be included in the report. The report provides a broad general picture of the organisations/employees combined.	
	Categories of Data Subject	Different professions (Analyst, Commercial, Digital, Data and Technology (including Finance, Counter Fraud, Fraud Error Detection, Internal Audit, Policy, Legal, Project Development and Science and Engineering) across different	
	Plan for return and destruction of the data once the processing is complete UNLESS requirement under union or member state law to preserve that type of data	Their database will continue to run as usual after the completion of this report.	
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	N/A		

FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title: Redacted
Redacted

Name and Title: Redacted

Signature: Redacted

Signature: Redacted

Date: 3rd November 2021

Date: 29/10/2021

ANNEX A

Customer Project Specification

1. PURPOSE

1.1 Civil Service Human Resources (CSHR) Expert Services, referred to as the 'Authority' within this document, requires a Supplier to produce a report that supports Civil Service (CS) Departments with the development of their annual pay remit and strengthening the positioning of the critical functions required to drive the CS reform agenda; boosting government capabilities. It will include data on the current state of the UK labour market across all relevant CS grades. These critical functions are: Analyst, Commercial, Communications, Digital, Data and Technology (including Cyber Security), Finance, Counter Fraud, Fraud Error Debts and Grants, HR, Internal Audit, Policy, Legal, Project Delivery, Property and Science and Engineering.

1.2 This contract will support government departments and the CSHR Expert Services Reward Service by:

1.2.1 Supporting the cross-Departmental strategic approach to Pay and Reward

1.2.2 Sharing knowledge and expertise to continue the development of the Pay and Reward Service

1.2.3 Engaging with stakeholders to communicate and advise upon key Pay and Reward issues

1.3 There is a requirement to provide Departments with comprehensive market pay data across the public, private and not for profit sectors, to inform their reward strategies. Benchmarking data is also required for senior levels to inform the centrally managed Senior Civil Service (SCS) reward system.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

2.1 CSHR Expert Services, the main sponsor of the project, was launched in 2020 and is one of the Expert Services established under Civil Service HR. They provide a specialist HR service across government departments to promote simplified and modernised policies and people practices. CSHR Expert Services was previously known by CSEP (Civil Service Employee Policy), who previously sponsored the project.

2.2 CSHR Expert Services provides a Pay and Reward Service to support the improvement and quality of reward strategies and practices across Departments, so as to build expert capability in the CS and fit with the ongoing reform of the CS of the future.

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

3.1 The provision of a report on benchmarking pay and pay movements has been a critical asset in the creation of departmental pay structures while also providing wider intelligence of the UK labour market to inform other reward projects.

3.2 The need for robust benchmarking data is underpinned by the need to deliver maximised economic value for the taxpayer in the Civil Service's wage bill, ensuring the correct talent can be attracted and retained for an informed price.

4. DEFINITIONS

Expression or Acronym	Definition
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CS	means Civil Service
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CSHR	means Civil Service Human Resources
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HR	means Human Resource
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QA	means Quality Assurance
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SCS	means Senior Civil Service
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5. SCOPE OF REQUIREMENT

5.1 The Supplier shall provide data to support implementation of their pay and reward strategies and systems with departments.

5.2 The Supplier shall provide data to assist decisions around pay and reward challenges currently facing departments, including specialist pay.

5.3 The Supplier shall provide the CS with access to comprehensive market pay information, to allow appropriate benchmark data to be provided for each CS pay level (including SCS), and reward intelligence against employment sector, job family and geographic region.

6. THE REQUIREMENT

6.1 The Supplier must have access to, or the means of quickly establishing access to, a comprehensive pay database covering the wider public sector, not for profit sector and the private sector, to provide comparator benchmark data for base pay, total cash and total remuneration.

6.2 The database must be able to provide market data, based on actual salaries, for jobs external to the Civil Service, mapping over to the full range of traditional mainstream CS levels, including the SCS, but also for Departments that do not have the classic CS levels to be able to read across.

6.3 The Supplier must also have, or have access to, a robust method of matching CS roles to comparator jobs, whether or not this is done through a job evaluation scheme that will enable pay data to be provided taking account of job weight.

6.4 As well as overall 'general' data, the Supplier must also be able to provide comparator data to meet the majority of requests for pay data by job families/specialist roles that may be specific to particular departments. These will include Science & Engineering, Finance, Law, and IT/Digital but will also include data on a full range of specialist data.

6.5 In addition to providing the basic benchmark data, the Supplier will provide regular information to put that benchmark data into context, reflecting trends, influences and premia over time, the economic background and variation by geography and job family etc.

6.6 In the past this information has been provided as a formal annual report but more regular quarterly input, or an online service/interactive data tool may equally be appropriate. In recent years this has been achieved through the production of an annual report (final version ready for end of February/beginning March 2022), based on the most recently available data at that point. The report should be provided in Microsoft Word and PDF format and the data tool in Excel Format (with a macro and non-macro version).

6.7 As far as sample sizes allow, it will be necessary to provide analysis of this data for jobs of comparable weight elsewhere in the economy, by median, upper and lower quartile, nationally and by specified region and/or hot spots as required (details to be provided by the Authority).

6.8 It should be possible to audit the use of the appropriate levels by analysing example Job Descriptions from within or outside the CS to ensure that the comparator salaries match.

7. KEY MILESTONES AND DELIVERABLES

7.1 The following Contract milestones/deliverables shall apply:

Milestone/Deliverable	Description	Timeframe or Delivery Date
1	Project Initiation Meeting between Supplier and CSHR Expert Services to discuss details of project and Supplier to provide project plan.	Within week 1 of Contract Award
2	Data analysis and extraction - Supplier to have confirmed their access to data, match data to civil service grades	Within Weeks 2 & 3 of contract award
3	Draft Report Writing and development of any supporting tools - Production of draft report and associated tools e.g. excel companion tool.	Within weeks 4 to 7 of contract award
4	Draft report received - Delivery of Draft Report to CSHR Expert Services for Comment.	Within week 7 & 8 of contract award
5	Final benchmarking pay report received	Within weeks 12-16 of contract award

6 Concluding Presentation - Supplier will provide a concluding presentation of around 15-20 minutes in length to the other government departments outlining high level report findings. Prior to Contract End Date.

8. MANAGEMENT INFORMATION/REPORTING

8.1 The final benchmarking pay report (milestone 5) should be provided in an appropriate format containing the written analysis and tables regarding the required benchmark data for dissemination to CS Departments and according to the timetables set out. The written element of the report should also be provided in Microsoft (MS) Word and PDF with all supporting data tables provided separately in MS Excel. The version of MS Word/Excel to be used will be agreed between the Authority and the Supplier.

8.2 The report should include:

8.2.1 The most up-to-date data on pay levels and movements which are equivalent to the generic CS levels (Grades) of Administrative Assistant to SCS Pay Band 3 (Director General) and an agreed set of specialist roles and jobs (including – Analyst, Commercial, Communications, Digital, Data and Technology (including Cyber Security), Finance, Counter Fraud, Fraud Error Debts and Grants, HR, Internal Audit, Policy, Legal, Project Delivery, Property and Science and Engineering) of comparable weight elsewhere in the economy, by lower; median; and upper quartile covering national, regional and local pay differentials.

8.2.2 Commentary on the key developments and changes that have taken place in the labour market over the last twelve months as well as location-based trends. This would include trends of employee benefits and wider employee offers.

8.2.3 A measure for converting the current CS total reward package (e.g. total remuneration including the value of pension, sick leave etc.) into comparable format for comparison against the total remuneration data provided for public and private sector comparators. The Supplier will provide a breakdown of the methodology for the total remuneration data been calculated. The Supplier will also include in the report upper and lower quartiles for selected data sets, e.g. professional roles within selected regions, local pay zones, etc.

9. VOLUMES

9.1 Not applicable to this requirement.

10. CONTINUOUS IMPROVEMENT

10.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

10.2 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

11. SUSTAINABILITY

- 11.1 The end product is to be delivered in a digital format, no paper physical copies are required.

12. QUALITY

- 12.1 The supplier must ensure that data is robust and covers the wider public sector, not for profit sector and the private sector in order to provide comparator benchmark data for base pay, total cash and total remuneration.

13. PRICE

- 13.1 The estimated expenditure is to be no more than £65,000.00 (exc. VAT) for the pay benchmarking contract. Bids over this amount will be considered non-compliant.

- 13.2 The cost should be calculated on a capped cost basis.

- 13.3 Expenses will only be payable for travel outside base location outlined in Section 21. The Authority will pay reasonable out of pocket travel (using the most economical mode of transport) and subsistence expenses, properly and necessarily incurred in the performance of the Services, calculated at the rates and in accordance with the Cabinet Office Travel & Subsistence policy.

- 13.4 Prices are to be submitted via the e-Sourcing Suite on Attachment 4 – Price Schedule excluding VAT and including all other expenses relating to Contract delivery.

14. STAFF AND CUSTOMER SERVICE

- 14.1 The Authority requires the Supplier to provide a sufficient level of resource throughout the duration of the Provision of Pay Bench-marking Report Contract in order to consistently deliver a quality service to all Parties.

- 14.2 Supplier's staff assigned to the Provision of Pay Bench-marking Report Contract shall have the relevant qualifications and experience to deliver the Contract.

- 14.3 The Supplier shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

15. SERVICE LEVELS AND PERFORMANCE

- 15.1 The Authority will measure the quality of the Supplier's delivery by:

	KPI/SLA	Service Area	KPI/SLA description	Target
1	Delivery	Meet with CSHR Expert Services to discuss details of project and Supplier to provide project plan.		Within week 1 of Contract Award

- 2 Quality Supplier to have confirmed their access to data, match data to civil service grades and QA'd the role. Within Weeks 2 & 3 of contract award
- 3 Reporting Production of draft report and associated tools e.g. excel companion tool. Within weeks 4 to 7 of contract award
- 4 Reporting Delivery of Draft Report to CSHR Expert Services for Comment
Within week 7 & 8 of contract award
- 5 Quality Reflected comment from CSHR Expert Services- conducted revision and reissue final copy. Between weeks 9 - 16 of contract award
- 6 Reporting Supplier will provide a concluding presentation of around 15-20 minutes in length to the other government departments outlining high level report findings. Prior to Contract End Date

16. SECURITY AND CONFIDENTIALITY REQUIREMENTS

16.1 New data protection legislation came into force in May 2018, which aims to protect the privacy of all EU citizens and prevent data breaches. It will apply to any public or private organisation processing personal data.

16.2 Established key principles of data privacy remain relevant in the new data protection legislation but there are also a number of changes that will affect commercial arrangements.

16.3 The Data Protection Legislation comprises:

16.3.1 The General Data Protection Regulation (GDPR) which came into force on 25 May 2018;

16.3.2 The Data Protection Act (DPA) 2018 which came into force on 25th May 2018.

16.4 The New Data Protection Regulation is considered applicable to this provision of Services, and Contract.

16.5 Additional information on the New Data Protection Legislation, and how this will be applied to the provision of services can be found at <https://www.gov.uk/government/publications/procurement-policy-note-0317>.

17. PAYMENT AND INVOICING

17.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

17.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

17.3 Invoices should be submitted to: Cabinet Office, Redacted, email: Redacted

18. CONTRACT MANAGEMENT

18.1 The Authority will manage the contract in accordance with the key milestones and KPI/SLAs.

19. LOCATION

19.1 The location of the Services will be carried out at the Suppliers' premises. The Authority's base location for the purposes of this contract will be Cabinet Office, Redacted

ANNEX B

Supplier Proposal

Please provide details of your proven track record of delivering projects of this scale within the agreed timeframe and how it will help you deliver this requirement for CSHR Expert Services.

Your response to this question should be no longer than 2 sides of A4.

Korn Ferry (KF) is delighted to respond to your invitation to tender to provide specialist expertise on pay and reward matters to CSHR Expert Services. In particular we believe we can add value in three areas:

1. Our unparalleled knowledge and expertise of reward in the public sector & the Civil Service. Having continually invested in the sector for over 40 years we know what works, and what doesn't, in the complex environment in which you operate.
2. Although pay and reward is a cornerstone of our work, we always work with clients to make the connection between this and wider people practices and business issues.
3. KF have delivered this report annually to CSHR Expert Services for over 10 years, during this period we have developed a good understanding of the uses of the report and have continued to evolve the report to meet these needs as they change. KF are confident we can meet all the requirements outlined in this tender process.

Over 30% of our work in the UK is in the design, review and support of reward systems and the provision of benchmarking advice; we have over 100 people accredited to work on reward projects. These are in all sectors of the economy and include many leading UK listed and international companies, including recently, Pepsi, Sainsbury's, P&G, Ricoh, BBC, Barclays, Ticketmaster, Unilever, McLaren, BP, Npower and Northern Rail to name a few. We have extensive experience of reward in the public sector, including national studies and client work in hundreds of organisations throughout local and central government, police and fire, higher education and academy schools and the NHS. We have worked with many of the most innovative in their sub-sector, such as Kent, Essex and Camden councils, Thames Valley Police and Imperial College.

We compile research reports – for example, major reviews of executive remuneration in the private sector in the UK and across Europe – and contribute evidence to national inquiries (Fair Pay Review, Winsor Review, Westminster Select Committees for Public Administration and Communities and Local Government, Public Accounts Committee of the Welsh Assembly). We also run sector networks and events for reward managers in; oil and gas companies, travel and transport, digital and high-tech, insurance, aerospace and defence, insurance, local government, universities and charities.

Throughout the public sector, a major difficulty has been to recruit and retain staff and sustain engagement and performance with declining budgets and tight pay constraint, these challenges will be as real as ever over the coming months and years. For 2 years we completed a review of pay for the Foreign and Commonwealth Office (FCO) in over 70 countries. This project enabled the FCO to robustly and consistently benchmark pay for all their local employees to inform critical decisions around how to invest a limited pay budget.

In the Civil Service, we have direct experience of studying recruitment and retention difficulties, benchmarking specialist pay rates, developing proposals which will reduce reliance on interims and contractors and helping to cost and draft business cases to Treasury. Recent clients in this area include: DSTL, GSE, Highways England, HS2, Office for National Statistics, British Council, and UK Export Finance.

Our client work includes extensive contact with trade unions. In our private sector consulting, unions are an important stakeholder in – for example – transport, energy, utilities and some financial services.

We also have extensive involvement with equality, having conducted over 80 equal pay reviews, including the equal pay audit of the Equality and Human Rights Commission, and a study of women's careers in Whitehall. These studies are typically bipartite and union involvement is essential.

As supplier of pay data and advice to the Cabinet Office for over a decade, we have deep insight into the specific pay challenges and constraints facing those in the Civil Service. As part of this project we have prepared annual analyses of market trends and comparisons of public and private sector base pay, total cash and total remuneration. Requirements have included a UK pay heatmap building up a picture of pay differences based on detailed data at travel to work area level; and analysis of pay rates for different occupational and professional specialists.

In recent years we have produced 2 separate reports. The first provides a wealth of information about economic trends impacting pay, total remuneration analysis, and a comprehensive view of benefits provision amongst UK employers. The second is an interactive spreadsheet model that we designed with members of CSHR Expert Services. This tool enables Departments to run their own data for specific technical functions, within certain regions, across the public or private sectors.

Our work is based on our thorough understanding of Civil Service grades and how these compare to our own Hay Group Job Evaluation scores. It is this read-across that enables a robust and consistent comparison to 'like-sized' roles in our UK salary database.

Our remuneration database contains information about practice and policy from 866 organisations (over 20% of them public sector and non-profit) and more than a million jobs. The pay information is coded by industry sector, job location, job function and specific roles, and is linked to job size using the Hay Group Method of job evaluation, to enable reliable like for like comparison. Our data covers pay, terms and conditions, extends to all package elements and value and is updated twice a year. It is developed and maintained by a specialist unit.

Clients can ask for data analyses, advice and commentary and many have online access through our Pay Hub system, and we have supported over 1,000 of them in the past year. In some projects we also blend our evidence with other sources where these are reliable and this provides a more thorough picture, for example in universities, London councils and the NHS.

4.2 Please provide CVs for all members of the project team. The CV's should be no longer than two sides of A4 and highlight:

- ***The range and depth of experience in the team***
- ***Include details that are relevant to this project***

- **Experience and qualifications**
- **Knowledge of the area**

Redacted

Overview

Redacted provides expert advice and project leadership on organisation design and review, performance improvement and management as well as reward policy and practice. He has worked across many sectors of the economy but has extensive experience throughout the public sector. He is a Senior Partner in our public sector consulting practice. Peter has been a part of this project team for many years and has a detailed understanding of the report and how it is used.

Redacted has worked on pay and reward for over 25 years. He has advised and supported nationalised and privatising industries, government departments and agencies, local authorities, NHS trusts, universities and colleges and police forces and has worked on national and international comparability studies for review bodies. He has led reward reform in police forces and local authorities which have moved away from national structures (such as Thames Valley Police and the London Borough of Camden) and has developed business cases for pay changes in major public bodies, for submission to sponsor departments and Treasury.

He leads our work in education in the UK and has advised many universities in the UK and Ireland on remuneration policies and governance. He has helped universities and business schools to align talent and career management to performance management and pay. Peter has contributed evidence on public sector pay to national inquiries (the Fair Pay Review, the Winsor Review) and to parliamentary investigations by Westminster select committees and by the Welsh Assembly.

Redacted

Overview

Redacted leads the Public, Not-for-profit and High-tech sectors in the Products department for Korn Ferry UK and Ireland. He specialises in reward and benchmarking, he works with a wide range of clients from the public and private sectors. Jack has worked on the CSHR Expert Services benchmarking report project for over 5 years.

In the public sector Redacted experience includes projects with the Foreign and Commonwealth Office, DSTL, GSE, NHS, Thames Valley Police, London Business School, London School of Economics and The Police ITC Company. In the private sector Jack has worked on reward projects with organisations from a wide range of industries including recent projects with Ticketmaster, CIPD, Trinity Mirror, Jaguar Land Rover, Kantar, Ricoh and Jaguar Land Rover.

Redacted has partnered with organisations on reward projects covering a broad range of areas including gender and equal pay, global pay benchmarking, benefits reviews, executive pay analysis and performance related pay.

Redacted

Overview

Redacted *leads our pay data services team and has been a key contributor to our work with CSHR Expert Services for over a decade. Steven's role is to provide reward benchmarking and consultancy services to organisations in the public sector and beyond. Steven has worked on the CSHR Expert Services benchmarking report project for over 5 years.*

Redacted *has been at Korn Ferry for over 20 years working on the provision of reward and employee benefit solutions.*

Redacted has worked with a range of organisations across the public sector, including central and local government, police, charities, and universities. He also has extensive experience working with private sector organisations on a range of reward related projects. Steven has worked on a wide variety of salary benchmarking projects. These include analysis of base pay competitiveness, benefits policy assessments, and constructing reports that provide commentary and insight on current reward trends.

Redacted

Overview

Redacted *has worked as part of the Korn Ferry UK Pay and Delivery team for over 8 years, during this time he has built up a wealth of experience across both Pay and Benefits, focusing a significant amount of his time on public sector projects but also working across a number of other sectors.*

Redacted *has worked on the annual CSHR Expert Services benchmarking project for the previous 3 years and is extremely familiar with both the report and data tool we deliver.*

Redacted also works on a variety of pay and benefit projects across all sectors giving both support and in-depth analysis to our clients. Nick has deep expert knowledge of KF Reward Tools and pay databases, particularly in the UK and Ireland. Nick is experienced in sizing roles using the Korn Ferry Job Mapping method and frequently leads analysis work on projects with some of Korn Ferry's longest held clients.

**4.3 Please provide 2 recent case study examples of similar projects you have successfully delivered for clients in the public sector or wider. Outline how the experience gained will enable you to deliver this requirement for CSEP
Your response to this question should be no longer than 2 sides of A4.**

CAF

Headquartered in Spain, CAF are a relatively new organisation within the UK rail market but have already achieved several significant wins with an impressive order book containing

high profile contracts for both service and production. This success combined with ambitious growth plans means that attracting and retaining the best available talent in the marketplace is of critical importance. For this reason, CAF approached KF to establish benchmarks for compensation and benefits that will allow the organisation to accurately reflect current market practice for a selection of key roles.

On the outset of the project, KF met with CAF Rail UK to explore and develop our understanding of the departments, roles and the key issues in reward, recruitment, and retention. We used this meeting to identify which organisations to approach and to gather some key information to shape the design of the survey.

We contacted a wide range of organisations across the rail industry to establish if they were both willing to participate in the survey and to determine if they had relevant, comparative roles within their organisation. In total the rail survey covered 2,000 employees across 13 organisations which meant we were able to deliver compensation and benefits 'market' data for all roles that were in scope.

The bespoke report created by KF addressed all the specific and niche roles that were of particular interest to CAF, most of which there was no UK market data available for from any provider prior to this project.

The survey results, together with our reward and (rail) industry expertise helped CAF, shape a remuneration framework for their UK workforce, which is critical to CAF on their journey as they look to establish themselves firmly as one of the elite rail companies to work for in the UK. KF received great feedback from CAF on the results provided in the report and the overall project.

This project demonstrates KF's ability to design specific project approach and report format to meet the specific needs of a client. It shows our ability to create bespoke projects designed directly to address specific sector or organisational reward issues. It also shows that KF has a record of robustly matching market reward data to client roles even when these are rare or niche sector roles.

UK professorial pay benchmarking project

For more than 9 years KF has run an annual pay benchmarking project partnering with over 25 leading UK universities, focussed specifically on professor and support function pay. The project involves delivering a detailed benchmarking report to each university. The format of the report is completely bespoke and has been continually developed each year over the project's history to meet the specific requirement needed to benchmark these roles. KF has developed a robust understanding of professor and functional staff roles in universities and has created a specific clear process for universities to accurately align their roles to different levels and in turn to the Hay job sizing methodology.

The report is delivered in two parts; the first is a pdf document with detailed written analysis of the current reward market in higher education as well as a summary of the results of the benchmarking for each university. This written analysis is produced by KF's senior consultants each year and provides in depth analysis of everything universities require to review pay for this population of their staff. The second output is a very detailed Excel file with benchmarking analysis by individual role, overall grade, functional and departmental breakdowns, peer group benchmarking and overall competitive positions analysis.

Each year the number of universities taking part has grown and KF continues to receive great feedback on the project and its unique approach to this part of the UK talent markets specific challenges.

This project demonstrates KF's ability to run large bespoke sector focussed benchmarking projects for clients over a number of years and continue to develop and evolve what is delivered to stay in touch with the client's needs whilst producing results that are reliable and comparable year-on-year.

4.4 Please outline fully your proposal to manage this project, ensure appropriate resources allocated (including a single point of contact) and how time will be assigned to meet the required timescales

Your response to this question should be no longer than 2 sides of A4.

Our previous experience of delivering this project helps us to know the best approaches to take. We will follow our tried and tested approaches to manage the delivery of this project again this year.

We will implement the following account and project management arrangements.

- Setup controls
 - A detailed project plan with key objectives, timescales, milestones and costs.
 - A Project Steering Group to monitor the delivery of the projects that meets formally at key milestones and is decision-making body if an issue is escalated.
 - A clear statement of work to be carried out by Korn Ferry.
 - A defined Project Director with overall responsibility for project achievement. For this project this will be Jack Whittle.
 - A Project Manager responsible for the delivery of the project and utilising internal KF resources and ensuring delivery on time and budget. For this project this will be Nick Clapson.

- Delivery controls
 - Project assurance - our Project Director will be accountable for the assurance of the project to ensure it will deliver our client's expected outcomes.
 - The level of support from key stakeholders will be a key factor in the project's success and we will measure this at each stage of the project and include in our project highlight reporting.
 - Quality control - our Project Manager will be responsible for ensuring that the agreed quality control activities are focused upon project deliverables and are appropriately completed and documented.
 - We will keep stakeholders informed and updated on our projects, and this will include:
 - Bi-weekly reporting of project progress against our delivery plan in a formal project highlight report.

- Regular project and stakeholder meetings, both internally and with client representatives.
 - Risk management - we will identify and raise key risks for discussion and oversight at joint Project Steering Group as well as keeping appropriate documentation, such a risk register.
- Closedown controls
 - We will conduct a post project review – and provide a summary report that will include the identification of lessons learned.
 - We will identify follow-on actions – including recommendations for ensuring that the project's expected outcomes and benefits are measured and realised.

Following these processes has helped us to deliver the annual report on time for each year of the previous contracts. Delivery of a 2021/22 report would follow these broad project phases based on the key dates provided by CSHR Expert Services.

We would be able to finalise the below dates at project commencement subject to your review and also add in some check-point meetings with you as required.

Project Phase	Estimated Completion Date
Commencement date of contract	25 th Oct 2021
Project Initiation Meeting between provider and CSHR Expert Services	26 th Oct 2021
Data extraction (market facing pay and other key markets)	3 rd Nov 2021
Data validation and quality assurance	5 th Nov 2021
Data formatting	8 th Nov 2021
Report writing	1 st Dec 2021
Quality checking of report	6 th Dec 2021
Draft report to the Cabinet Office	13 th Dec 2021
Report editing and revisions (if needed)	21 st Jan 2022
Final report (and data tables) to the Cabinet Office	8 st Feb 2022
Presentation to Cabinet Office Reward Group	TBC with CSHR Expert Services

The above timelines meet the key milestones set out in Bid Pack Attachment 3- Statement of Requirements, they allow for 2 weeks of downtime over the Christmas break. If you have any feedback or concerns about any of the above timings, we are very happy to discuss them further and do everything we can to meet your requirements and desired timings.

5.2 Please outline the capability you already have, or intend to develop (and how you would do this), to match Civil Service roles to equivalent roles of seniority in the private sector

Your response to this question should be no longer than 2 sides of A4.

The Hay Group Guide Chart and Profile Method of Job Evaluation is generally recognised as the most widely used job evaluation method in the world. A survey by one of our competitors showed that in the UK, 75 per cent of the users of a proprietary job evaluation method, used the Hay Group method (Korn Ferry acquired Hay Group in 2015). The core of the method was developed in the 1950s and it has been updated regularly to ensure that the language is relevant to country, sector (such as local government), industry or organisation. However, the underlying principles remain consistent. The method focuses on the requirements of jobs and uses three core factors (and eight sub-factors) and has been tested in law and found compliant with equal value and equalities legislation.

In the UK, we use the method for evaluating jobs right across the private sector and, in the public sector, we have used the method for evaluating jobs in the Civil Service, the Armed Forces, the Police, the NHS and local government. We have also worked for many years with many of the world's leading global private sector organisations such as Unilever, P&G, Coca-Cola and Walmart.

KF first developed a general relationship between Hay job evaluation scores and Civil Service jobs, grades and pay bands over 30 years ago. This has been updated or modified through review exercises to provide and maintain high quality market data for jobs of broadly comparable responsibility levels in other sectors. In particular, we have provided market comparisons for Civil Service roles on numerous occasions for the Senior Salaries Review Bodies, the Cabinet Office and HM Treasury (when responsibility for pay management at this level rested with the Treasury) as well as for HM Treasury's own roles and structures.

We are fully conversant with the JEGS approach to evaluating jobs and have maintained robust and tested cross comparisons on job size with our own job measurement methodology resulting from ongoing work with various departments such as HM Treasury, Cabinet Office, Home Office, Department of Health, DCMS, DEFRA, DWP, HMRC, MOD, FCO and Ministry of Justice.

KF only use pay data from organisations that have had their roles sized using the Hay methodology. KF works directly with each organisation to size each role or compose an accurate grade alignment to Hay job sizes, as we have with the CS. No third party pay data or data where KF have not been directly involved in the job sizing process is included on KF pay databases. This approach creates an extremely robust alignment of the jobs from any organisation we work with to equivalent ones in our market pay databases.

Over the past 10+ years our strict job sizing methodology has allowed CSHR Expert Services to confidently align CS roles to the private sector and other parts of the public and not-for-profit sector. Using this same approach for many years means that benchmarking results are directly comparable to those from previous years enabling CSHR Expert Services to make informed decisions about pay based on current and past pay analysis.

5.1 Please provide evidence that you have sufficient access to broad reward benchmarking data across public, private & not for profit sectors including SCS pay. This will include but not be limited to:

- **Employee Benefits Data**
- **Salary Change Data**

Detail how access to this information will enable you to deliver the requirement. Your response to this question should be no longer than 2 sides of A4.

KF has worked with CSHR Expert Services for over 10 years to provide salary market data based on Civil Service grades making us well qualified to undertake this work. We have the most widely used job evaluation method in the UK and very considerable experience in its use in both public and private sectors. We have a large UK database where all of the roles have been job sized using the Hay methodology. This database continues to grow rapidly and currently includes information from 866 organisations covering the whole UK economy. We have included details of a very experienced project team. Many of our people are recognised as public sector pay experts and have been asked to contribute to various Government committees and reviews (see section 4.2 for CVs).

Over the years of working together we have delivered an annual tailored analysis drawn from our Korn Ferry pay databases comprising the following analyses by three compensation elements (base salary, total cash and total remuneration): 1) a comparison of public and private sector pay, 2) a comparison of pay by government region and other more specific 'hotspot' locations, 3) an analysis of functional pay to understand if any specialism attracts a pay premium in the UK market, 4) information on general market trends and movements, policy trends and wider economic considerations, 5) an overview of key benefits information.

Supplementary to this, we have always provided the facility to carry out further ad hoc analysis by job family or specialism as required through separate engagements, and on request we have interrogated our database to provide detailed explanations of the basis of any trends observed.

We believe that market information alone is only part of the story and it is important to interpret information about salary trends and levels in the market in a balanced way. Raw survey data provides an essential check on general competitiveness but can move unevenly from year to year. Therefore, it should not be used alone as a precise measure for adjusting detailed reference points or salaries. Decisions about how much to increase salaries and how far to adjust reference points and ranges must be based on a balanced judgement drawn from several elements, notably: market evidence; the likely national settlement for the sector; experience of recruitment and retention; internal pressures and views; and affordability.

We continue to be a global leading supplier of accurate reward information and analysis, with more than 60 years' experience of advising organisations on global reward policy. Our UK pay database contains information from 866 organisations and contains data on over 1,000,000 incumbents. There are 24 industries covered, and 87 job families. Roles on our database have been evaluated using our job evaluation methodology and pay data is collected on individual incumbents in these evaluated roles. We hold detailed benefits information from around 35% (290+ organisations) of our UK database.

Each year we produce an extensive report on the UK benefits market looking at each major benefit individually in detail, commenting on prevalence of provision and analysis on exactly how organisations offer each benefit to their employees. We are able to use this large benefits database to support the CSHR Expert Services benchmarking report and we are happy to discuss if there is any way we can modify the benefits analysis to make sure it most

accurately addresses your needs. KF also receives salary movement and forecast information from the majority of our participating organisations allowing us to provide detailed salary change information by sector, region and job function.

The strength of our database, underpinned by the Hay Group Job Evaluation methodology, affords the ability to compare the pay of jobs of equal weight across organisations, sectors, regions and the wider economy.

We recognise that raw market information alone does not tell the full story, as such, we regularly collect information on trends in reward policy and the wider economy as well as publicly available reward data (such as Civil Service and SCS salary scales and data). This allows us to provide context to the analysis and enables us to provide our clients with an informed and broader picture of current pay market movements and trends. Over the last few years the provision of this information has been crucial in helping our clients adapt their reward arrangements to respond to the current uncertainty within the UK and global economy.

The following tables highlights the database sample by industry and job families:

Industry	No. of organisations	Industry	No. of organisations
Industrial Goods	88	Basic Resources	35
Fast Moving Consumer Goods	83	Not for Profit excluding Housing	28
Chemicals	58	Oil & Gas Other	25
Services	57	Financial Services	22
Other Public	56	Consumer Durables	20
High Technology	53	Other Industrial & Service	20
Utilities	46	Pharmaceuticals & Medical Supplies	20
Construction & Materials	43	Oil & Gas Upstream	18
Retail	42	Insurance	10
Transportation	40	Justice, Public Order & Safety	10
Local/State/Regional Government	39	Affordable Housing	9
Education	36	Banks	8

Job family	Employees	Job family	Employees	Job family	Employees
Retail Operations (RL)	250,395	Executive Management (EM)	4,627	Network Operations and Management (NO)	70
Engineering (EG)	76,134	Legal (LG)	4,396	Oil and Gas Onshore Operations (OO)	64
Customer Service (CS)	72,234	Product Development (PV)	3,936	Asset Management (AE)	63
Administration/Support/Service (AS)	72,110	Merchandise Operations (ME)	3,570	Visual Merchandising (VM)	60
Production (PR)	66,773	Patient Care (PW)	3,118	Credit (CE)	56
Logistics/Supply Chain (LS)	58,161	Electricity Utility Operations (EU)	3,035	Upstream Oil & Gas Commercial & Business Development (UP)	56
General / Other (XX)	38,723	Branch Financial Services / Banking (BB)	2,945	Creative Occupations - Art and Design (CO)	55
Sales (SL)	32,262	Analytics and Data Science (DA)	2,858	Hotel Accommodation (HD)	50
Information Technology (IT)	31,727	Category Management (CM)	2,740	Loss Prevention (LP)	46
Finance and Accounting (FA)	30,513	Business Consultancy (BU)	2,628	Medical (MD)	37
Educational Operations (ED)	29,317	Advertising and Media (AM)	2,588	Service Operations (SO)	36
Project and Program Management (PM)	27,189	Risk Management (RK)	2,295	Hotel Operations (HL)	36
Human Resources (HR)	20,345	Petroleum Engineering/Production (PN)	2,276	Fire (FI)	24
Social and Other Caring Work (SC)	17,685	Strategic or Corporate Planning (SP)	2,083	Policy Services / Back-Office Operations (PC)	24
Marketing (MK)	14,464	Police (PL)	2,044	Marine Operations (MA)	23
Research and Development (RD)	11,621	Financial Services Operations / Analyses / Back Office (FN)	1,850	Insurance Commercial Operations (CI)	22
Hotel Catering and Restaurant (HF)	11,537	Housing Services (HS)	1,748	Gas Operations (GU)	22
Quality Assurance (QA)	11,515	Underwriting (UW)	1,698	Power Generation (PG)	20
Property Management (PT)	11,343	Exploration (EX)	1,623	Corporate Banking (CB)	20
Construction Project Delivery (CU)	11,096	Agriculture/Forestry (AG)	1,404	Oil and Gas Technical Support (TE)	17
Call Center (CC)	9,644	Energy Marketing and Trading (EN)	1,109	Billing and Credit Control (BC)	15
Claims (CL)	9,283	Air Transportation (AT)	1,041	Private Banking (PB)	10
Health and Environment (HE)	9,236	Design (DE)	971	Content, Design & Engineering (CQ)	96
Corporate Affairs (CA)	6,895	Business Performance and Process Transformation (BP)	960	Capital Markets (CK)	91
Government Operations (GO)	6,789	Service Delivery (SD)	933	Pipeline (PI)	90

Within the UK our information consultants have extensive experience and have supported a wide range of organisations in conducting accurate salary benchmarking, developing pay ranges, and developing reward structures.

It is important for the report to be consistent with those developed in previous years given that recipients will use the data to benchmark policies annually. We are therefore keen to replicate the format of previous documents but also take feedback on how this may be enhanced. Steps are taken to ensure that movements in the database are reasonable and well understood and all data provided to us is subject to our rigorous quality assurance processes. Our annual reward trends surveys continue to provide a useful source of data for reward professionals. The surveys cover policy trends from across sectors including salary forecasts and variable pay arrangements. We will continue to add insights from these reports and others into our reports for the Cabinet Office. This potential programme of work for the Cabinet Office is a high profile one and we have allocated a senior and experienced team. Details of this team have been provided in other sections of this response (see section 4.2).

6.1 Please provide evidence you are able to provide data on salary movements and wider market insights pertaining to roles in the following job families:

- **Analyst**
- **Commercial**
- **Communications**
- **Digital, Data and Technology (including Cyber Security)**
- **Finance**
- **Counter Fraud**
- **Fraud Error Debts and Grants**
- **HR**
- **Internal Audit**
- **Legal**
- **Project Delivery**
- **Property**

- ***Policy***
- ***Science and Engineering***
- ***International trade and negotiation***

Your response to this question should be no longer than 2 sides of A4.

KF are able to provide very detailed and robust data samples for a wide range of job families for a number of key reasons:

Quality focused approach to data collection

All of the pay data KF collect comes directly from the organisations we work with. With each client organisation we undertake work to align their roles to our sizing methodology to ensure accurate benchmarks can be made. KF's experience and research shows that the factor that has the biggest impact on pay is job size, this typically has more impact on the level of pay than job location, industry or job family. This is why we invest so heavily in working with every client to align all their roles to our sizing methodology. This allows KF to be confident that jobs are only benchmarked against others of comparable size.

Detailed job model and analysis capabilities

When we collect pay data each incumbent is assigned to a job family and a sub-family, and also often a specific job. We currently organise our UK data into 87 job families of which the majority are divided into between 2-8 sub-families. Each family, sub-family and job has a clear description to ensure that each job is consistently coded. This approach gives KF the ability to robustly analyse pay and market trends in hundreds of specific job families, sub-families and individual jobs in the UK market.

We also have the ability to do more bespoke analysis beyond what is included in our job model, we can do this in a number of ways including searching and sorting data based on job titles. In order to align the most relevant jobs in our databases to the 15 job families listed in this question KF will match the relevant sub-families, jobs and/or jobs with relevant job titles. This focused approach is based on discussions with CSHR Expert Services through previous years of this project to ensure we understand the accurate meaning of these job families from a CS point of view. This allows us to be confident that we are including the most relevant jobs from our database in the analysis we provide and doing it in a consistent way year-on-year.

In addition to being able to provide specific salary and variable pay rates for each of these functions across all core job levels we are also able to look at pay movements in these functions. We do this through a 'same incumbent analysis' which looks at how salaries have changed in the last 12 months including only individuals who were in last year's and this year's database. We can produce salary movement analysis specific each function in the same way as described above.

Commentary and observations from expert consultants

In the UK KF has over 30 consultants who specialise in reward, most are aligned to a specific sector, industry or function. This enable us to supplement the robust pay data with commentary on current market practices and trends. KF consultants are frequently invited to advise salaries review bodies, remuneration committees and reward policy review projects for

leading organisations across most major industries. This extra expertise allows the pay data to be used in the most meaningful and reliable way keeping sight of what other organisations are doing and important market pressures.

Database size and coverage

KF has a very extensive pay database in the UK covering 866 organisations and including more than 1 million jobs. This captures a meaningful section of the UK market and also allows specific interrogation and analysis of compensation data with the ability to maintain robust and consistent data samples year on year.

In relation to the 15 job families you have identified we currently have excellent coverage of jobs across each of them, the table below shows our current UK pay data sample sizes.

Functions	No. of Incumbents	No. of Companies
Analyst	7,000+	350
Commercial	42,000+	550+
Communications	4,500+	350+
Digital, Data and Technology	41,000+	550+
Finance	28,000+	600+
Counter Fraud	500+	50+
Fraud Error Debts & Grants	500+	50+
HR (HR)	18,000+	600+
Internal Audit	1,000+	190+
Legal	4,000+	350+
Policy	500+	100+
Project Delivery	25,000+	500+
Property	11,000+	350+
Science & Engineering	85,000+	500+
International trade & negotiation	1,000+	50+

The above table shows the number of individual jobs and the number of companies we hold pay data for each of the 15 functions. These samples have been calculated using our understanding of the common definitions of these functions, as well as conversations with CSHR Expert Services over previous years to understand how to define which jobs in the market are comparable to each job family from a CS perspective.

In addition to the pay data we hold KF also collects pay policy information from hundreds of organisations covering areas such as benefit policies, salary awards, bonus and long-term incentive scheme details. This allows KF to offer a rounded view on reward at a Total Remuneration level.

6.2 Please provide evidence you are able to provide data on salary movements and wider market insights across a variety of (National and London) locations.

Your response to this question should be no longer than 2 sides of A4.

To our knowledge KF has by far the biggest UK pay database of any pay data provider. Currently it includes pay information from over 1 million incumbents. Data for each of these 1M+ job holders is coded to the post code for the location of the job. This means that KF have a very detailed and comprehensive understanding of pay across all of the UK.

KF break the UK in 14 regions in our pay databases to allow clients to focus on the most relevant geographies for the jobs they are benchmarking. In London KF hold data for more than 135,000 incumbents. All the pay data we collect is actual pay, not pay ranges or averages.

In addition to the 14 standard regions KF separate the UK into we are also able to run analysis looking at pay in specific regions based on post codes. This allows us to understand pay in specific and bespoke areas of the UK to meet client needs. For example we have produced pay data specific to UK cities, countries or chosen areas such as the 'M4 corridor'.

Twice each year KF produce a heat map of pay in the UK which details average pay variations across the different regions in the UK. This information is used by a large number of KF clients to gain a robust understanding of how pay varies across the UK. Many of which use this information to inform regional pay allowances, we work directly with clients to help them create pay policies that consider UK regional pay differences in the areas they operate.

KF can also analyse movements in pay overtime by our standard or bespoke regions. We do this through comparing pay for job holders that are part of both present and past database to produce a reliable view of changes in UK pay. This type of robust pay trend analysis using post codes can be provided for clients tailored to the particular periods and regions they are interested in.

KF UK pay databases go back over 25 years, over this time KF have maintain a consistent method of job sizing and data collection resulting in a reliable dataset for understand UK pay trends over time.

Part 2: Contract Terms



Contract Terms v6.0