

### Background Information

The aims of the reward section of the Workforce Strategy are to:

- Develop reward packages, financial and non-financial together with recognition of achievements.
- Review of terms and conditions
- Ensure our pay system is fair and non discriminatory.

All employees have an employment contract with their employer as required by legislation.

A psychological contract is the unwritten employment contract that exists between an employer and an employee, based on a set of mutual expectations of behaviour from both parties. A formal contract is an agreement that sets out an employee's:

- employment conditions
- rights
- responsibilities
- duties

Total reward extends the definition of the rewards of employment beyond remuneration or compensation and benefits alone, into a more all-encompassing expression of the factors that, in combination, cause employees to join, remain and deliver high performance in any given organisational setting.

A recent CIPD report concluded that "The data from our survey indicates that pay is only part of the explanation and that other factors are at work as well in creating employee engagement, job satisfaction and cultural fit. These could be related to existing salary levels, benefit provision, feelings of being treated fairly, various non-financial rewards as well as the mission and vision of the organisation and the quality of its leaders and external factors, such as the cost of living. So, while pay has a significant role it is not the only factor at work, and employers should adopt a total reward perspective to ensure the right balance between financial and non-financial elements".

The legal parts of a contract are known as 'terms'.

Terms and conditions of employment are explicitly expressed in contracts of employment, statements of particulars (which forms part of a contract), staff handbooks, codes of conduct, policies and procedures and some are implied terms and conditions that although not expressed come about through practice norms.