

# BISHOP GROSSETESTE UNIVERSITY

## Document Administration

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# **Market Pay Policy**

**July 2020**

## **Market Pay Policy**

### **1. Scope and Purpose**

- 1.1 This policy applies to all posts at Bishop Grosseteste University. The University is committed to the principles of equal pay for work of equal value and has introduced a single job evaluation scheme, Higher Education Role Analysis (HERA), to measure the relative value of all jobs. The grading and salary range of all posts is determined by the outcome of job evaluation.
- 1.2 Whilst proving fair, equitable and transparent a job evaluation pay structure will not always facilitate recruitment in a highly competitive external labour market. There will therefore be occasions when the grading determined for a post does not enable successful recruitment or retention of staff in particular posts. In these cases, it may be appropriate to pay a market supplement in addition to the substantive salary to ensure that such a post is filled. A supplement of this kind is lawful under the Equal Pay Act (1970) where there is evidence to justify that market factors are the 'material reason' for the post attracting a higher rate of pay than other posts graded similarly through a job evaluation process.
- 1.3 This policy sets out when such supplements may be paid, the process by which these cases are considered and approved, and the conditions applied to them.

### **2. When Market Supplements are Appropriate**

- 2.1 The payment of a market supplement will normally only be considered in the following instances:
  - i where there is evidence to prove that a post cannot or will not be filled at the salary level determined by job evaluation; and/or
  - ii if there is a material risk of a post becoming vacant due to a below market rate of pay.
- 2.2 Recruitment difficulties: HR will conduct an investigation and with the relevant department (or relevant line manager) to be sure that pay is the critical factor. There could be other reasons for people not applying, such as hours of work, shift pattern, nature of the work, not advertising in the correct press, mis-timing of the advertisement.
- 2.3 Retention difficulties: HR will conduct an investigation by HR and the relevant department into the reasons for retention difficulties to ensure that pay is the critical factor. There could be many other factors, such as staff not being able to make full use of their skills, working conditions, career development, difficult working relationships, lack of development opportunities.
- 2.4 The market with which a comparison is to be made will be carefully established (e.g. it may be more appropriate to compare with other local public sector employers than private sector; or nationally rather than locally). It will be influenced by a number of objective factors with reference being made to, for example, what sector previous

employees have come from, whether the role is specific to the HE sector, whether the University is competing with the private sector for recruitment.

If comparison is being sought with the private sector then the total recruitment package should be compared. A private sector company may have a higher salary but other conditions may not be as attractive, e.g. hours of work, pension, job security, access to HE and development opportunities.

- 2.5 Care should be taken not to compare on the basis of job title alone (i.e. just because a job has the same title the job content, responsibilities and remit could be vastly different).

### **3. Alternatives to Market Supplements**

- 3.1 It is intended that a market supplement is a final option, not one of the first to consider. Departments should speak to the HR department before recruiting as HR will be able to suggest ways to overcome perceived problems:

- i. suggest alternative media sources for recruitment advertising
- ii. how to present an advertisement;
- iii. re-jig a job description/redesign a job;
- iv. Introduce flexibility over hours of work.

- 3.2 Where there are retention concerns, advice can be provided by the HR department on:

- i. making better use of staff skills
- ii. career development
- iii. distribution of work amongst a work team
- iv. flexible work arrangements
- v. developing training based solutions.
- vi. Interviewing staff who resign
- vii. Surveying staff that have left.

### **4. Equality and Review**

- 4.1 To ensure that market supplements are defensible if challenged at Employment Tribunal, they must be:

- i. reviewed at intervals of no longer than 2 years;
- ii. supported by documented proof of efforts to recruit at the substantive salary; and
- iii. supported by documentary evidence of the market salary.

- 4.2 Where a review is undertaken and the available evidence on pay rates elsewhere and labour market conditions show that a recruitment or retention premium is no longer necessary or appropriate for the role, it will be reduced or withdrawn in line with policy (Paragraph 5 below)

- 4.3 In pursuance of fairness, market supplements will be recorded and monitoring statistics will be produced. The purpose of monitoring is to ensure that such payments are neither advantaging nor disadvantaging certain sections of the workforce.

## **5. Payment of a Market Supplement**

- 5.1 In paying a supplement, the following principles will apply:
- i. there will be no limit to the size of the market supplement;
  - ii. the supplement will be a fixed sum (e.g. £1500) that does not receive cost of living raises but which is pensionable (and is taken into account for sick pay, overtime, maternity pay etc)
  - iii. it will be presented separately (i.e. not included with existing salary).
  - iv. incremental progression that applies to the substantive salary will be received as normal.
  - v. a supplement will have no bearing on the award of any merit or contribution based pay.
  - vi. The supplement will be subject to biennial reviews.
- 5.2 Employees will be given the following notice if following the review the supplement is to be reduced or removed:
- i. Those employees whose supplement is removed entirely:
    - 6 months pay protection will apply.
  - ii. Where the supplement reduces:
    - 12 weeks pay protection will be given unless the reduction is in excess of 10% of substantive salary, in which case 6 months pay protection will apply.

Notice following review can be given before the second anniversary and will be counted as part of the protection period.

- 5.3 Should an employee leave a post to which a market supplement applies, a review will be undertaken prior to advertising to ascertain whether the supplement remains applicable.

## **6. Procedure**

- 6.1 If departments are experiencing recruitment difficulties, the form 'Application for a Market Supplement' should be completed, setting out the business case (Appendix A).
- 6.2 In order for a supplement to be considered, the evidence in support must be objective and verifiable and would include:
- i. evidence of two unsuccessful recruitment attempts in the preceding six months or evidence of skilled staff leaving Bishop Grosseteste University or

- being approached for similar jobs with a higher level of pay elsewhere (such cases must be underpinned by exit interview details or other evidence;
- ii. tangible market information on the salary being paid for similar posts in other organisations (For example advertisements and job descriptions from at least two similar posts).
- 6.3 The HR department will review the information provided and will seek further information (e.g. from salary surveys), as appropriate. Consideration will be given to whether there is sufficient evidence to justify both a market supplement and to withstand any challenges under Equal Pay legislation.
- 6.4 If a market supplement is payable, the rationale and associated documentation will be retained in the personnel file(s) of those effected.
- 6.5 The terms on which the payment is awarded will be clearly explained to the member of staff and will also form part of their contract of employment. A review date will be identified for the payment and at the review consideration will be made as to whether or not a payment is still warranted and the amount justified in light of any changes in labour market conditions and/or pay increases awarded by the University.

## **7. Management Information**

- 7.1 Through the analysis of data obtained from the University Staff Survey and Exit Interview questionnaires, the University is better able to ensure a pay, reward and benefits structure that is appropriately attractive to attract and retain the best people.
- 7.2 Sound market pay data is available from various Higher Education sources, such as UCEA and GuildHE as well as recruitment/management consultancies and surveys (i.e. IDS Salary Survey). These will be used as key sources, supplemented by other means, to assess the applicability and level of a market supplement should it be considered necessary.

**Bishop Grosseteste University: Market Pay Policy**

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**Application to Award a Market Supplement**

Post Title:

Post No:

Department:

Evaluated Grade:

Salary: £

Market Supplement requested: £

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**Please list all attempts at recruitment within the last 12 months**

Give dates and details of advertising, interviews undertaken, offers rejected etc.

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Please list any alternatives you have tried in order to recruit

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What market research have you conducted/what other jobs have you looked at?  
(Please attach all associated documentation, i.e. adverts, job descriptions)

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Please state how the market supplement will be funded

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Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(Director of Human Resources)

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
(COFO)

**PLEASE SEND THIS FORM TO THE HUMAN RESOURCES DEPARTMENT**