

Market-Related Pay Policy

1. Introduction

This policy outlines the use of salary enhancements and additional payments that may be applied to promote attraction and retention of any category of staff. The policy may be applied to any category of staff.

The Framework Agreement on Modernisation of Pay Structures (2003) states that “Institutions may supplement pay rates for each grade, for some or all staff, where labour market conditions dictate. Institutions should adopt appropriate policies and procedures with an emphasis on equity and transparency, as developed in partnership with their recognised trade unions.”

2. Policy

Employment law requires that employers have objective justification if they offer different rates of pay to staff whose work is of equal value.

There must be a critical business need for each attraction and retention premium as such payments can be costly and divisive. This should not be used as a ‘quick –fix’ solution to a particular recruitment problem and will only be approved as a last resort where a severe business impediment is identified and where other ways of attracting and retaining staff have been exhausted.

A case, including costings, should be prepared by the Head of Unit. Evidence from specialist market surveys can be presented, however, as pay rates in most specialist academic related jobs and some academic roles can be readily demonstrated to be below market salaries, this evidence will be considered circumspectly. People Services will provide additional input into the decision process by comment and by providing comparative retention and recruitment data. Decisions will be made by a member of VCE, which are supported by the People Business Partner and Finance Business Partner.

For recruitment purposes, extra salary that may be withdrawn is likely to be of limited attraction. Therefore, market-related salaries will consist of personal salary points i.e. points on the salary spine in the discretionary points range or beyond. For staff on grade 10, a spot salary may be paid (spot salaries are fixed to specifically defined spinal column points within a grading structure. There is no progression up to or beyond the rate for each position). Any market-enhanced salaries beyond the discretionary points of the grade will be reviewed biennially.

During the two-year period of payment, a review will be undertaken. Where differences between the pay of those carrying out comparable work can no longer be objectively justified, then six months’ notice will be given for any withdrawal of any market-enhanced salary payments. The review will also look at the groups to whom enhancements and bonuses are paid and report on the impact by gender, age, race and disability.

The use of salary enhancements will have repercussions for existing staff and in order to avoid inequity (and equal pay claims) they will not be applied solely to newly recruited

staff. The 'pool' of vacant and occupied posts must be identified at the outset and treated as a single group. No market-related payments will be made to any member of staff where performance, conduct or capability is unsatisfactory and there is a current formal disciplinary procedure in effect.

3. Annual Monitoring

The Reward, Benefits and Performance team will report on trend data bi-annually via the equal pay report to the Remuneration Committee.

A separate report, focusing on Market Related Pay, will be shared with relevant committees on an annual basis.

4. Bonus Payments

Special bonus payments (in the form of special awards) may be paid to current staff for retention purposes at the discretion of the Head of Unit but within existing budgets. These payments are not pensionable. Such bonuses will also have to be justified in terms of critical business need, be based on evidence of market rates and be applied to the appropriate pool of employees. They are also payable to any category of staff.

5. Equality, Diversity and Inclusion

Policies are inclusive of all Open University staff, regardless of age, care experience, caring status or dependency, civil status, disability, family status, gender, gender expression, gender identity, gender reassignment, marital status, marriage and civil partnership, membership of the Traveller community, political opinion, pregnancy and maternity, race, religion or belief, sex, sexual orientation, socio-economic background or trades union membership status.