

## Edinburgh College of Art - Market Pay Policy

### Introduction

All roles in the College will be evaluated using the HERA system and grades will be allocated to roles as a direct result. The allocated grade will determine the *normal rate* for the role. Market pay relates to the *current rate* for the role in the marketplace. In order to ensure the College remains competitive to external relativities market supplements will be applied where it can be objectively justified by both evidence and a demonstrable business need. Market supplements will be applied for one year but may be renewed if the original objective justification still applies, subject to annual review. The application of market supplements will not be commonplace and procedures outlined in this policy will be strictly adhered to in order to ensure fairness and transparency in decisions relating to pay and to ensure compliance with equal pay legislation.

### Justification for market supplements

Market supplements will only be applied if there is evidence (market data) and a business need which can be demonstrated (e.g. role is necessary and retention and/or recruitment rates are poor).

### Market Data

Evidence will be based on *market data* which will be gathered from a variety of sources. The primary and secondary market data sources will be as follows:

#### Primary data source:

Labour market information provider as agreed by the Senior Management, Human Resources and the local trade union representatives. Human Resources will receive information as part of its HERA subscription. Through membership of the Scottish Reward Network (attended by HR Manager) the market rates for several roles will be considered each year. Consultancy services will be used as required where provision of a comprehensive analysis of a specified market and appropriate rates is deemed necessary.

**Secondary data sources** to include but not limited to: UCEA annual pay survey, IDS (Income Data Services) surveys, recruitment information (not limited to advertisements in order that comparability can be properly assessed), published trade rates.

When considering market data surveys factors such as pay award dates, date of survey, total remuneration packages and working conditions will be taken into account.

### Business needs

In order to recruit and retain high calibre staff the College needs to remain a competitive employer. Where the external labour market conditions produce a situation where skills or particular expertise are scarce and as such attract a higher salary than can be provided for under the grading system a supplement may be applied in order that the College can maintain its competitiveness. However, in all cases where there is market data to support the application of a supplement the business need for such a role must also be established. Examples of a business need for a role could be: where the recruitment of a lecturer in a particular subject is unsuccessful and it is established that this will have a serious detrimental effect on student learning objectives; where the failure to recruit means that an important service cannot be provided such as ensuring the College's

statutory obligations are met or; failure to recruit leads to a drop in standards i.e. hygiene and cleanliness or; failure to retain a role could not be addressed by development of existing staff.

### **Procedure for the allocation of market supplements**

Salary is not always the (or the only) determining factor in recruitment or retention problems and there are a number of other factors which should be considered prior to any request for an investigation into the market rate for a particular role.

#### 1. Unsuccessful recruitment

Can the information in application packs be made more attractive and are the benefits of working for the College effectively highlighted (such as the non-pay benefits)?

Is the job design and person specification appropriate, e.g. do the qualifications requested and corresponding salary equate, are all skills essential or can some be developed by way of training?

Was the role advertised widely and in the appropriate media?

#### 2. Retention problems

What evidence has been gathered to find out why staff are leaving, e.g. exit interviews, other feedback channels?

If pay is not indicated as being the main factor for staff leaving then by what other ways can retention problems be addressed e.g. improved job design, improved training/development opportunities, improved staff management?

Where there is supporting evidence to show that:

- There are no identifiable problems with the advertising or recruitment procedures, or
- The main reason for staff leaving is to go to a *similar* role with higher pay (normal career progression would not normally be considered a reason for applying a market supplement), or
- There is strong evidence (usually from external sources) that suggests recruitment or retention problems will arise,

line managers with responsibility for initiating recruitment should contact the Human Resources Manager in order that, where appropriate the gathering of relevant information on the market rates for a role or roles in their School or Department can begin. Final approval of the application (and removal) of market supplements will be agreed by Management Group following recommendation by Head of HR. Where there is not a compelling case for the application of a market supplement the appropriate line manager will be informed of this by the Human Resources Manager.

### Application of market supplements

Market supplements will normally be paid either as a one-off payment or as a monthly non-consolidated supplement and will not be subject to superannuation deductions. Exceptions to this may apply in the case of those who are red-circled following job evaluation *and* are deemed eligible for a market supplement subject to this procedure or; those roles where skills are extremely scarce and expected to remain so indefinitely or;

those roles for which the market rate is expected to remain significantly higher indefinitely.

Where non-pay benefits are considered ineffective at improving either recruitment or retention problems, depending on the circumstances market pay supplements will either take the form of:

- A one-off lump payment, non-superannuable (to attract or retain staff)
- An on-going monthly payment, non-superannuable, in addition to normal salary for a specified period of time. This will be reviewed prior to the end of the review date.

Where a market supplement is agreed for a particular role consideration will also be given to similar roles within the College. Group roles, e.g. janitors, cleaners, would attract group market supplements, applied to all staff at the same grade in the same group.

The terms and conditions on which the market supplements are applied will be contractual and as such form part of the contract of employment or by agreed by way of an amendment to a contract of employment.

### **Review of market supplements**

All on-going market supplements paid by the College will be reviewed on an annual basis in conjunction with local trade union representatives. Where there is evidence available to show that supplements are no longer required they will be withdrawn as described below. Notice of withdrawal will be in writing and will include a full explanation of the reasons for withdrawal.

#### Removal of market supplements

On-going monthly supplements that have been paid for two years or more which are deemed to be no longer necessary will be withdrawn on a phased basis over 12 months as follows:

3 months following notice that the supplement is to be withdrawn 75% of the original supplement will be paid.

6 months following notice that the supplement is to be withdrawn 50% of the original supplement will be paid.

9 months following notice that the supplement is to be withdrawn 25% of the original supplement will be paid.

12 months following notice that the supplement is to be withdrawn none of the original supplement will be paid.

For those roles which have attracted a supplement for a period of two years or less, 3 months notice will be given of the date on which the supplement is withdrawn.