

FIGHTING FOR FAIR WAGES NUJ

WHAT DOES A GOOD PAY SYSTEM LOOK LIKE?

- The Equality and Human Rights Commission has produced a checklist listing the characteristics of a good pay system.
- **Transparent.** While employees should be able to understand how each element of their pay packet contributes to their total earnings in any given period, this doesn't mean that everyone must know everyone else's exact salary and benefits.
- **Covers all employees.** Having a different system for staff above a certain grade, or in particular roles, reduces transparency and invites cross-boundary claims.
- **Is simple.** The simpler the structure, the easier it will be to understand and administer, and the more likely it is to be transparent and objective.
- **Is based on an objective evaluation of job demands.** The law recognises an analytical job evaluation scheme as the best basis for evaluating jobs.
- **Monitors salaries on entry to the organisation and on transfer or promotion.** A policy of matching previous salary is a sure way of importing pay discrimination from someone else's pay system. If a previous salary is matched, there should be a process for ensuring the newcomer lives up to their promise, and that other candidates can be brought up to the same salary level within a reasonable period.
- **Monitors progression rates.** If men are progressing more quickly to the top of a pay scale than women are, a pay gap will open, increasing the risk of unequal pay.
- **Places limits on local managerial discretion over pay.** Managerial discretion often applies to performance related elements of pay, and, where it exists, its effects should be monitored to ensure that one of group of employees is not being favoured over another – full-timers over part-timers, for example, or white men over black women.
- **Is subject to regular checks to ensure that each element of the pay system is still doing what it was intended to do.** Bonuses should fluctuate with performance, and not become a fixed and permanent addition to salary.
- Ensures that women and men absent on **maternity or parental leave** get what they are entitled to such as pay rises or bonuses.
- Ensures that the pay system is **regularly reviewed** to check that it is still fit for purpose. This is essential if there have been mergers, or the introduction of contracting out or contracting in. Ensures that all changes to the way in which pay is determined are equality impact assessed.