

## Market Supplement Policy

### 1. Introduction

The Joint Negotiating Committee for Higher Education Staff's (JNCHES) Framework Agreement for the Modernisation of Pay Structures states that, following role analysis and the adoption of new grade structures, institutions may need to supplement pay rates for some staff where market conditions dictate. This is because role analysis does not take account of markets where people with scarce skills and expertise in short supply can command a relatively high salary.

### 2. Purpose of this Policy

Following the JNCHES Guidance, this policy and the accompanying procedure and checklist have been designed to ensure that the University:

- Recruits and retains the best staff for each post.
- Awards recruitment and retention premia in a fair, consistent, transparent and robust manner.
- Complies with equal pay legislation, i.e. has objective evidence of the need to offer different rates of pay to staff whose work is of equal value, and an appropriate mechanism in place for removing premia when they are no longer warranted by market conditions.
- Considers and addresses other potential issues and mechanisms to achieve effective recruitment and retention of staff.

In order to do this the policy takes account of:

- The JNCHES' Framework Agreement for the assimilation of individual staff to new pay structures.
- The Equal Pay Act 1970
- Examples of best practice in improving recruitment and retention.

This policy provides the mechanisms to address pay related recruitment and retention issues and replaces other means previously used. The policy applies to all staff.

### 3. What is a market supplement?

A market supplement is a payment which is an addition to the salary for a specific post, or group of posts. Market supplements are paid where other employers' higher pay rates (the market rate), prevent the University from being able to recruit or retain staff on the salary indicated for the role by role analysis alone.

The payments apply to posts on a temporary basis. Should market conditions and pay rates fall, or where an employee moves to a different post that does not warrant a recruitment and retention premium, their entitlement to that payment will cease and the premium will be withdrawn in line with agreed notice and protection periods.

Recruitment and retention premia may be applied to any posts

#### 4. Types of Market Premia

The University will use two means of increasing pay rates to overcome recruitment or retention problems. These are:

- A lump sum payment which aids in the initial attraction of staff to a particular role (a recruitment supplement). These can be made as either a one-off payment or in several stages to include an element of staff retention.
- An ongoing retention premium, paid in addition to an individual's basic salary in order to bring the total annual salary for the role up to the market rate. These can be paid for either a specified fixed term or an indefinite period, subject to a regular review, after which they can be increased, reduced or withdrawn.

As well as additional premia covered by this policy, individuals may also be appointed above the minimum of a pay range if they have relevant skills and experience which warrant it. This is part of the normal appointment process and is not covered by this policy.

#### 5. Awarding and Paying Premia

Recruitment and retention premia will only be awarded where there is clear evidence that recruitment or retention difficulties are caused by pay rates being low relative to those offered by other employers for similar posts. This will require managers adequately to consider and implement appropriate non-pay solutions to recruit and retain staff.

Individuals will be appointed onto the grade for the role as determined by role analysis. The incremental point on appointment will be determined as normal taking into account factors such as qualifications, previous experience and remuneration. The individual will then progress through the increments in the normal way. The recruitment or retention premium will be paid in addition to basic salary, will usually be expressed as a gross cash sum (on an annual basis) and will be separately identifiable from other components of pay.

Where an ongoing premium is applied to a role the value will be determined by the difference between the University's normal pay rate, usually the mid point of the grade for the post as determined by role analysis (and including the value of allowances and other benefits) and the market rate, as determined by evidence from appropriate sources. Human Resources will advise on appropriate sources of information.

A procedure for determining and awarding market related payments will be developed to include a checklist to be used by the Head of School/Unit in conjunction with Human Resources to ensure all appropriate evidence is considered and to assess whether a premium is warranted. If they believe that it is, a case must be made in writing to the Director of Human Resources which must be approved before payment can be made.

Payment of a recruitment premium will not result automatically in payment of a retention premium for staff in similar posts. Evidence for the two cases may be different and must be submitted separately.

Where market supplements are paid on an ongoing basis either for a fixed term or an indefinite period they will be included in calculations for the purposes of other payments such as maternity pay, sick pay, overtime. They will be subject to statutory deductions and will be pensionable and will not be subject to cost of living increases.

## 6. Reviewing and Removing Premia

The use of all recruitment and retention premia will be reviewed at appropriate intervals by the University Secretary and the Director of Human Resources. The review will consider evidence of the effectiveness of a premium in improving the recruitment or retention issue it was designed to address. Where an ongoing recruitment or retention premium has been applied this review will also take account of any increases in the normal pay rate for the post.

The Director of Human Resources will also take responsibility for reviewing the overall effectiveness of the market premia procedures, and for monitoring the equal opportunity impact of the scheme and will report annually to the Human Resources Committee on the operation of the policy. This report will also be circulated to the campus unions through the Local Joint Liaison Committees.

Ongoing recruitment or retention premia for a role should be withdrawn or reduced, following adequate reviews, once the reason for them no longer applies. Where this reduction or removal would result in a decrease in an individual's total pay a notice period of 3 months from the review date will be given of the University's intention to reduce or withdraw the premium. Reduction or withdrawal will then commence immediately and may be staged over a period of up to 9 months.

Where, following the review, the available evidence shows that an increase in a retention premium is required, that increase will take effect in the month following the review date.

Where a staff member chooses to leave a role which attracts a market premium and takes up a role in the University which does not, the premium will be removed with no notice or protection.

Where a staff member has received a lump sum recruitment or retention premium and leaves the University within two years of that premium being awarded they will be required to reimburse an amount commensurate on a pro-rata basis with the time remaining to reach two years service.

There is no specific right of appeal by the individual against a decision to remove or reduce a market premium. A member of staff will be able however to raise a grievance under the University's Grievance Procedure.