

## Market Pay Policy

### 1. Introduction

From time to time external labour market conditions can produce a situation in which roles with scarce skills and expertise can command higher salaries than the maximum provided under the current pay and grading structure. In these exceptional circumstances, the university will, at its discretion, make additional payments to recruit and retain staff to these roles.

### 2. Aims and Objectives

- The university will seek to ensure that it recruits and retains the best staff for each post
- The university will comply with equal pay legislation and aim for best practice in its reward policy
- Where market conditions so demand, the university will seek to award additional payments to posts to achieve effective recruitment and retention in a fair, consistent, transparent and robust manner

### 3. Application of the policy

All provisions of the policy will apply to all posts where there is evidence of scarce skills and expertise which in turn makes it difficult for the University to attract and retain staff to such posts. Managers wishing to consider application of the policy should consult with the Head of Human Resources.

### 4. Definitions

#### 4.1 What is a market-related payment?

A market-related premium payment is an addition to salary for a specific individual post, or group or sub group of posts. It is 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 their role by role analysis alone.

The payments apply to posts on a temporary basis. Should labour market conditions change and market pay rates fall, or where a member of staff receiving a payment moves to a different post that does not attract a market-related payment, their entitlement to that payment will cease and the premium will be withdrawn in line with agreed notice and protection periods. Market-related premia may be applied to both permanent and fixed-term posts.

#### 4.2 Types of market-related payment

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

- Lump sum payments which are payments which aid in the initial attraction of staff to a particular role. They can be made as either a one-off payment or in several

stages to help retain staff. Typically these types of payment can be used to facilitate the recruitment of particular groups of staff e.g. staff who may not typically enter the sector, new teaching staff, graduate/postgraduate students.

- An ongoing recruitment or retention premium paid in addition to the individual's basic salary in order to bring the total annual salary for the role up to the market rate. These will be paid for a specific fixed-term and be subject to annual review (or earlier where the specific fixed-term period is less than 12 months).

## **5. General provisions**

Market-related premia will only be awarded where there is **clear evidence** that recruitment and retention difficulties are caused by the pay rate being low, relative to those offered by other employers for similar posts. This will involve managers adequately considering and implementing appropriate non-pay solutions to recruit and retain staff.

The accompanying procedure for determining and awarding market-related payments includes a checklist to be used by managers in conjunction with their Head of Human Resources to ensure that all appropriate evidence is considered and to determine if a premium is justified. Any recommended payment must be approved by the Faculty Vice-President & Dean/other Head of unit and Director of Human Resources or their nominees.

Market-related premia will usually be expressed as gross cash sums and will be separately identifiable from any other components of pay. Where an ongoing premium is applied to a role, the value will be determined by the difference between the maximum of the grade and the market rate. This will be determined by evidence from benchmarking data that will be provided by Human Resources to ensure consistency of data in decision making.

The use of all market-related premia will be reviewed at annual intervals as part of the Equal Pay Audit. Where an ongoing market-related premium has been applied this review will also take account of any increases in the normal pay rate for the post.

Ongoing market-related premia for a role may be withdrawn or reduced following adequate reviews (or the end of a specific fixed term). Where this reduction or removal would result in a decrease in total pay the individual will be given 3 months notice of the University's intention to reduce or withdraw the premium. The premium will be reduced or withdrawn over a period of three months.

## **6. Procedure for the Allocation of Market-Related Payments**

The following procedure and checklists should be followed when deciding whether market-related payments are justified for any post. Managers should complete the checklist in conjunction with the Head of Human Resources, in order to provide an audit trail and to demonstrate need. This procedure should be operated with reference to the Market Pay policy document, which provides necessary guidance.

## 6.1 Recruitment Problems

Where serious problems are experienced in recruiting for a particular post or type of post, or where there is external evidence of such problems, the following issues should first be considered:

- Can information packs be made more appealing, e.g. by promoting more effectively the range of benefits (often non-pay) of working for the university?
- Can application forms be made more “user-friendly” and easy to complete?
- Are there any undue delays or specific problems with the selection procedure such that applicants may accept other job offers during the process?
- Is the design of the job and the person specification appropriate, e.g. are the skill sets being requested realistic?
- Was the advert placed in appropriate media?
- Was the advert appealing and did it highlight the best aspects of the role and the university to attract applicants?
- Would the use of search consultants be appropriate?

## 6.2 Retention Problems

If the problem is one of retention, i.e. turnover in a particular type of post or discipline is significantly higher than the norm, the following issues should first be considered:

- Is there evidence of the reasons why staff are leaving, from e.g. exit interviews, staff surveys, other feedback channels?
- Does the evidence indicate pay as the main factor or can retention problems be addressed by other means, e.g. improved training/career development opportunities, improved conditions/benefits, improved job design, better staff management?

If pay is demonstrated to be the main factor, can it be increased within existing reward mechanisms, e.g. consideration as to whether the job is correctly graded.

## 6.3 Supporting evidence

Where it has been established that:

- no problems with the advertising or recruitment process can be identified, or
- where evidence from appropriate sources shows that the main reason for staff leaving is for more pay (other than as part of the normal career/personal development process), or
- where strong evidence exists to suggest that such problems are likely to arise, benchmarking data should be obtained by Human Resources.

If the resulting evidence indicates that the market rate is equal to or lower than the value of the total reward package offered by the university, the Head of Human Resources will work with the manager to identify other underlying recruitment or retention problems and the most appropriate way of overcoming these.

If the resulting evidence shows that pay rates elsewhere are significantly higher than the pay offered by the university, the manager and the Head of Human Resources will first consider whether any improvements can be obtained by offering continuous development and career opportunities or comparing the total reward package.

#### 6.4 Additional Payments

Where offering continuous development and career opportunities or comparison of the total reward package is considered ineffective in improving recruitment or retention an additional payment may be applied and the rationale for this will be recorded. Depending on the circumstances this will take the form of either:

- A lump sum, non-superannuable, payment or
- An on-going payment in addition to salary for a specified period of time. Such a payment will be superannuable.

The type and size of the payment will be determined from evidence of the features of the particular labour market and the differences between the maximum of the grade for the post and the market rate in question. The median market rate will normally be used for ongoing premia.

The terms on which the payment is awarded will be clearly explained to the role holder and will also form part of the contract of employment. The payment will be reviewed as part of the annual Equal Pay Audit and consideration will be made as to whether or not a payment is still warranted, and if so that the amount is still justified in the light of any changes in labour market conditions and/or pay increases awarded by the university. The review will also consider the likely impact on vacancies and turnover of removing or reducing a premium.

Where the available evidence on pay rates elsewhere and labour market conditions shows that market-related premia are no longer necessary or appropriate for the role they will be reduced or withdrawn in line with the Market Pay policy. The individual(s) receiving the payment will be given full reasons for the withdrawal/reduction, in writing.

Where the available evidence on pay rates elsewhere and labour market conditions shows that an increase in the market-related payment is required that increase will take effect in the month following the review date.

### 7. Monitoring and Review

Human Resources will gather and record the following data.

- 7.1 Summary information related to each market-related pay application including:
- reason for application
  - role affected
  - numbers of staff attached to the role including equal opportunities monitoring data
  - market rate data
  - acceptance or rejection of application
  - amount of market related pay awarded

- 7.2 Overall summary of application data including:
- number of applications made by organisational unit
  - number of applications accepted and rejected, and at what stage
  - number of applications reviewed
  - number of applications continued or removed
  - median amounts of market supplement paid
  - number of staff receiving market supplements including gender and ethnicity data

All market-related payments will be reviewed annually as part of the Equal Pay Audit.

All monitoring data will be reviewed as part of impact assessment requirements.

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