

Market Supplement Policy

1.0 Executive Summary

The College recognises the need to attract and retain staff recognised for their expertise, skill or specialism within a particular field. This policy outlines when the payment of a market supplement might be appropriate, the process by which these cases are considered and approved, the conditions applied to them and how this will be monitored.

2.0 Scope and purpose

The College is committed to setting pay levels for every role, covered under the Framework Agreement (2003), through a process of analytical job evaluation (HERA) in order to ensure that the principles of equal pay for work of equal value are upheld.

A market supplement is an addition to the normal salary of a post or group of posts. Market supplements provide a transparent mechanism in cases when the evaluated grade does not match the market rate and enables the College to successfully recruit and/or retain staff in particular posts for a reasonable period of time. Market supplements will only be paid where there is sufficient evidence to support the case for the supplement. The evidence will provide the “material reason” for a higher pay level than for other posts in the same grade.

3.0 When market supplements may be payable

In such circumstances, where there is a clear business need supported by objective market data, the College will consider implementing a market supplement. The College will follow a clear and consistent protocol for the determination, recording and monitoring of any market supplement.

Market supplements would only be justified when all of the following criteria are met:

1. There is evidence of recruitment and retention difficulties.
2. All other approaches towards recruitment and retention have been considered.
3. There is appropriate, objective evidence that pay rates elsewhere are significantly higher than the College rate.
4. There is a clear business need, assessed against the strategic priorities of the College.

4.0 Payment of the market supplement

On appointment, an employee shall be placed within the normal incremental range on a point appropriate for their skills and experience. The market supplement is then applied, based on their salary. In this way the placement within a scale is not influenced by the need to pay a higher salary and does not compromise internal

relativities. It should however be noted that market supplements are paid against specific posts, not individual post holders. The payment will normally be agreed for a period of two years and will be subject to review.

Market supplements are paid in relation to specific posts, therefore where it is agreed that the payment of a market supplement is appropriate it will apply to all comparable posts and will be paid pro-rata for part-time staff. Where an employee who is in receipt of a supplement moves to another role within the College that does not attract such a payment, the supplement will cease from the date that they leave their old role, which had attracted such a supplement.

5.0 Procedure

Stage 1: Investigating Recruitment and/or Retention Difficulties

Where the criteria have been met under Section 3.0 of this policy and clear evidence is available the relevant Head of Department should consult with the HR Manager for their faculty/ department and investigate the cause(s) of the problem. Where, as a result of this investigation, it is established that:

- ◇ the recruitment process has been of high quality and no problems with it can be identified, or
- ◇ evidence concerning high levels of staff turnover suggests that the main reason for staff leaving is for more pay to undertake comparable roles (discounting the normal career/ personal development process), or
- ◇ strong evidence exists to suggest that such problems are likely to arise, or
- ◇ non-pay approaches have been ineffective and evidence strongly indicates that the normal reward package offered may be uncompetitive.

The Head of Department and HR Manager should compile a formal report with supporting evidence and a relevant sample of labour market pay data. The sources from which this data is gathered will vary depending on what is relevant for the particular post; however data from a minimum of two reliable sources will usually be required, for example:

- sector pay surveys published by Alan Jones, UCEA, UHR etc
- salary surveys published by professional bodies/ management consultants' databases e.g. Hay
- pay rates, as published in job advertisements offered by competing employers for the same or directly comparable posts (this can only be used as a single source if no other published data available)
- record of any recruitment difficulties including the number and cost of adverts required to recruit posts
- turnover

Stage 2: Formal consideration of the Case

The report will be formally considered by the Market Supplement Group. For further details regarding the Group please see Section 7.0.

If the evidence established indicates that the market rate is equal to or lower than the salary offered by the College a market supplement would not be appropriate. The Market Supplement Group will ask the HR Manager to work with the relevant Head of Department to identify the most appropriate way(s) of overcoming recruitment and retention issues.

Where market pay investigations have established evidence to show that the market pay rate is significantly higher than the pay package offered by the College, the Market Supplement Group may recommend the use of a market supplement.

The Human Resources Department will retain a record of all cases that have been considered including a rationale of why applications have been approved or refused. Human Resources will also identify comparative roles and will ensure that the market supplement is applied consistently and in accordance with equal pay legislation.

Stage 3: Review

The review process follows the two stage procedure similar to that detailed above.

Market supplements will normally be reviewed annually by the Market Supplement Group. A further assessment of the market conditions and organisational requirements will take place to consider whether the payment should be preserved, varied or withdrawn.

Where the outcome of the review is that the supplement is to be reduced or withdrawn the employee(s) concerned will be given three months notice of the variation, after which time the reduction/ withdrawal will take effect.

Any continuation of the market supplement payment will be for a fixed time period, normally two years, when the annual review process will recommence.

6.0 Conditions attached to market supplements

Further particulars and contracts of employment will identify market supplements as a distinct and separate element of pay, specifying the duration of the supplement.

Market supplements will be subject to National Insurance, PAYE income tax and pension deductions. Market supplements will be taken into consideration in the calculation of statutory entitlements such as occupational sickness pay, occupational maternity pay, adoption and redundancy. Market supplements will be included in the calculation for other exceptional payments e.g. overtime.

7.0 Monitoring

The Market Supplement Group (MSG) comprises the Director of Human Resources, Equal Opportunities Adviser, either the Principal, Vice Principal for Planning and Resources or for staff in central administration departments, a representative nominated by the Principal. The MSG will meet regularly to consider cases, its make up will be determined depending on the type of case submitted i.e. academic, administration etc.

The Market Supplement Group reports to Remuneration Committee. The MSG will provide information to the Committee regarding the number of market supplements agreed, their value in relation to the posts salary/ grade and any other relevant information.

The MSG reports to the Equality Steering Group (ESG) to ensure that the allocation of supplements is fair. The MSG will provide the ESG with a breakdown of the market supplements which have or have not been agreed by sex, race, disability, age and the value of any such supplement versus salary/ grade. This reporting will take account of prevailing legislation. Market supplements will also be included in the annual equal pay review process.

The relevant trade unions will be notified of any market supplements that have been agreed at the Joint Negotiating Committee. This will be a standing agenda point. Information compiled for monitoring purposes will be shared annually with the recognised trades unions.