

Market Supplement Policy

- Market/Recruitment/Retention

For clarity, throughout this document, the generic, “Supplementary Payment” will refer to market, recruitment and retention payment unless specified otherwise.

Policy

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Introduction

The University of Glasgow is committed to the principles of equal pay for work of equal value and operates a single job evaluation scheme to measure the relative value of all jobs.

It is acknowledged that on occasion the total reward package determined by the University's pay and grading system may not be consistent with reward packages offered for comparable posts in the wider labour market, and that this may lead to recruitment and retention difficulties. Where there is a clear business need supported by objective market data, and other approaches have proved ineffective, the University will consider offering a supplementary payment (market/recruitment/retention) in addition to the normal reward package for the post.

For clarity, throughout this document, the generic, “Supplementary Payment” will refer to market, recruitment and retention payment unless specified otherwise.

Supplementary payments awarded will follow a clear and consistent framework for the determination of any payment which:

- ensures the University meets its obligations under equal pay legislation and maintains the overall integrity of its pay and grading structure;
- allows supplementary payments to be considered only where a clear and demonstrable business need exists with the failure to appoint or retain being detrimental to the University;

- ensures that other non-pay issues are fully explored before a supplementary payment is considered;
- permits supplementary payments where an objective assessment of appropriate evidence supports this approach and a rationale is recorded;
- sets out the process by which cases are considered, and the conditions that will be applied;
- requires all supplementary payments to be reviewed on a regular basis and varied or removed where necessary;
- includes a process for all allowances to be monitored and also ensures that they are included in equal pay audits.

The accompanying procedure has been agreed with the recognised trade unions and will be followed whenever a case for a supplementary payment is considered.

Scope

This policy and procedure covers all prospective and existing staff. As well as supplementary payments individuals will normally be appointed to the maximum scale point within their pay range.

Definitions

Market Supplementary Payment

A market supplement payment is made where the University, due to its job matching/evaluation and salary structure, would be unable to match the market rates offered by other employers as part of the basic salary.

Recruitment Supplementary Payment

A recruitment supplementary payment is made where the University is recruiting for a role where there is a skills shortage and an additional payment is required to attract an individual.

Recruitment allowances will be subject to review on a regular basis.

Retention Supplementary Payment

A retention supplementary payment is made where there is a skills shortage for a role filled by an existing member of staff for which there would be a detrimental effect on the University should they leave.

Policy Detail – Application & Renewal

Supplementary payments may be initially granted on a fixed period or lump sum basis where there is clear evidence that recruitment and retention difficulties resulting from a low pay rate, relative to that offered by other employers for comparable posts or there is a skills shortage for that role. Vice Principal/Head of College/Secretary of Court in conjunction with the Head of HR, must adequately consider and implement any non-pay solutions that may assist in the recruitment or retention of staff before a supplementary payment will be considered.

Such allowances apply to posts on a fixed period or lump sum basis and are subject to regular review with normally only one form of market supplement paid. Where there ceases to be an organisational need or market justification for a supplement, the post holder(s) will be given notice that the payment will be withdrawn.

Supplementary payments may be applied to both open ended and fixed term contracts.

Where an employee who is in receipt of a supplementary payment moves to another role within the University that does not attract such a payment, it will cease from the date they take up their new post.

Where these are payable, terms and conditions of employment will identify the relevant supplementary payment as a distinct and separate element of pay, specifying the duration of the allowance. These will be paid through the normal salary system, but will be identified separately from base salary in documentation and records, including payslips.

Any supplementary payment will be subject to National Insurance, PAYE income tax and in the case of ongoing allowances, superannuation deductions. Allowances will be taken into consideration in the calculation of all statutory entitlements such as sickness, maternity support, adoption leave and redundancy. Similarly, any occupational entitlements to sickness, maternity support, adoption and redundancy will also take account of any allowance payable; however for the calculation of all other payments, such as overtime, these will not be included.

Employees in receipt of such an allowance, who are not at the top of the scale, will continue to progress incrementally up the normal pay scale for the grade and receive any relevant cost of living award normally agreed annually. Pay increases under the standard pay and grading arrangements will not be automatically applied to the allowance. Any increases to the allowance will be considered as part of the renewal process.

How are the supplementary payment amounts calculated?

- **Market Supplement:**

The appropriate level of a supplement will be determined by calculating the difference between the University's pay rate (including the value of any allowances and other benefits) and the market, as determined by evidence from appropriate sources. The median market rate will normally be used when calculating supplement allowances.

- **Recruitment and Retention Supplement**

Recruitment supplementary payments will not be renewed but will be reviewed as a retention supplementary payment.

Supplementary payments will be reviewed as follows:

- Grade 6-9 – every two years from the effective start date
- Grade 10/Professorial – on a three yearly basis from the effective start date

In addition the role will be assessed against PDR outcomes within the period of review with the expectation that performance will be at least categorised as 'Strong.'

Following consideration against the criteria applicable to the grade at the renewal review date, the supplementary payment may be varied or withdrawn.

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

If the supplementary payment is to be reduced it will be phased out as follows:

Month 1-4: 75% of the supplementary payment will be made

Month 5-8: 50% of the supplementary payment will be made

Month 9-12: 25% of the supplementary payment will be made

There is no right of appeal under this policy regarding decisions taken to offer, refuse, vary or withdraw an allowance (although this does not affect any statutory rights).

Procedure – Application & Renewal

Stage 1: Business Case

This is completed by the relevant Vice Principal/Head of College/Secretary of Court in conjunction with the Head of HR.

The purpose of this stage is for the Vice Principal/Head of College/Secretary of Court in conjunction with the Head of HR to provide context surrounding the recruitment difficulties where it has been established that:

- there have not been any issues identified with regards to advertising or recruitment, or
- evidence suggests that remuneration is the primary account for staff seeking employment opportunities elsewhere (other than as part of the normal career/personal development process), or
- strong evidence exists to suggest that issues of this nature are likely to arise,

The Vice Principal/Head of College/Secretary of Court in conjunction with the Head of HR will discuss whether or not there is an alternative approach to providing a solution to the issue. i.e. non-pay benefits (e.g. training and career development opportunities, facilities, access to a

range of policies that support work-life balance, the opportunity to engage in leading edge research, etc.).

Having explored all other avenues for the difficulty in recruitment and it is concluded that the normal reward package may be the root cause, the form will be forwarded to the Performance, Pay and Reward (PPR) team. The PPR team will work in partnership with the Vice Principal/Head of College/Secretary of Court in conjunction with the Head of HR to evidence the application.

Stage 2: Analysing the market/recruitment/retention data

Market Supplements:

The PPR Team is responsible for identifying and analysing an appropriate and relevant sample of labour market pay data in order to establish whether justification exists for the payment. Typically the data will be sought from the most recent relevant external salary survey. The results of these investigations will be recorded in 'Section 2' section of Appendix 1.

The external market data will be used to evidence whether the remuneration package on offer is in alignment with the market. If the evidence establishes that the remuneration package on offer is lower than the market data, this will be used to determine and justify the value of the market supplement offered.

If the market data indicates that the market rate is equal to or lower than the value of the total reward package offered by the University, payment will not be supported in which case the PPR Team will notify the Head of HR. The Head of HR will work with the Vice Principal/Head of College/Secretary of Court to identify other underlying recruitment or retention issues and the most appropriate ways of overcoming these.

Based on the outcome of the market pay investigations, the PPR team will update "Section 2" of Appendix 1 detailing whether the application is should be submitted for formal approval or not.

Recruitment/Retention Supplements:

The Recruitment Team is responsible for identifying and analysing an appropriate and relevant sample of labour market data in order to establish whether a justification exists for the payment.

The sources from which this data is gathered will vary depending its relevancy to the particular post under examination. Data from a minimum of two reliable sources will usually be required. The results of these investigations will be recorded in 'Section 2' section of Appendix 1.

If the evidence established indicates that there is no skills shortages in the labour market, the payment will not be supported in which case the Recruitment Team will notify the Vice Principal/Head of College/Secretary of Court.

The Head of HR will work with the Vice Principal/Head of College/Secretary of Court to identify other underlying recruitment or retention issues and the most appropriate ways of overcoming these.

Where labour market investigations have established evidence to suggest that there are skills shortages for the particular role, in conjunction with the PPR team, they will support the application for formal approval. Recommendations will be detailed in “Section 2” of Appendix 1.

Stage 3: Formal Approval

Where evidence established at stages 1 and 2 of this procedure indicates that payment is of a reasonable and proportionate response to recruitment and retention difficulties, the resulting recommendation will be formally considered by the Director of Human Resources and the relevant Vice Principal or the Secretary of Court, their decision will be recorded in 'Section 3' of Appendix 1.

The College/Service HR team will retain a record of all cases that have been considered including the rationale for applications that have been approved or refused.

Should a recommendation be approved, the payment will be made, taking the form of:

- A lump sum, non-superannuable, payment or
- An ongoing payment in addition to salary for a specified period of time, normally a minimum of two years. Such a payment will be superannuable.

Monitoring

- Data on all market/recruitment/retention allowances (including lump sum payments) will be compiled and reviewed annually by the relevant Head of HR for equal opportunities monitoring purposes.