

Market Supplement Policy

Purpose and Context

This policy is designed to set out the University's arrangements for market supplements.

Scope

This policy is applicable to all members of staff employed by the University.

1 Introduction

- 1.1 Market supplements are designed to support recruitment and retention of staff where there is objective evidence that the rate of pay offered directly results in increased labour turnover or an inability to recruit.
- 1.2 Market supplements will only be used when a clear business need is identified and recruitment and retention issues cannot be better addressed through the total benefits package or the work environment, for example, opportunities for development, support and facilities.
- 1.3 Objective evidence is more than a belief that there are recruitment or retention difficulties. Normally data from more than one published source should be used, supplemented by information from other sources.

Examples of published data sources:

- sector pay surveys published by UCEA, HEFCE etc...
 - independent industrial and occupational surveys e.g. incomes data services, Mercer
 - management consultants' databases e.g. Hay
 - salary surveys published by professional bodies
 - published pay and trend data in journals e.g. Labour Force Survey, New Earnings Survey, Financial Times, IRS Reviews
 - published trade union salary surveys
 - 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)
 - Examples of supplementary information
 - N.E. universities pay surveys
 - ad hoc pay surveys conducted through Universities Personnel Association
 - record of any recruitment difficulties including the number and cost of adverts required to recruit posts
 - turnover
 - exit questionnaire results
- 1.4 There are limited occasions where a market supplement is the most effective course of action to address a recruitment or retention issue, and indeed it is very rare for retention payments to be made. Recruitment and retention problems are often

caused by factors other than pay and should always be addressed in the first instance through effective advertising and job design.

2 Annual Approval of Market Supplements: Categories of Post

- 2.1 The VCO will review on an annual basis any category of post where a market supplement is requested or applies.
- 2.2 To approve such payments the VCO will consider:
 - a. record of recruitment and retention within the University
 - b. the relevant labour market
 - c. comparative rates of pay between the University and other relevant labour markets
 - d. comparative terms of employment between the University and other relevant labour markets
- 2.3 The VCO will determine:
 - a. whether there is objective evidence of a general recruitment and/or retention problem
 - b. whether there is objective evidence that the cause of the recruitment/retention problem relates to pay differentials between the University and other employers
 - c. if so, the level of supplement required
 - d. date of review of supplement (must be within two years) based on the strength of market analysis
 - 4 VCO will review market supplements previously issued and consider whether market data still justifies additional payments on posts.
 - 5 Any supplement paid is subject to tax and national insurance. Given that the payment may be withdrawn or reduced at review dates the individual may choose to take this payment into account for pension purposes.

3 Approval of Market Supplements for Particular Posts

- 3.1 Any request for a market supplement must be made when post approval is requested from the VCO.
- 3.2 Requests will need to demonstrate what recruitment problems apply and the consequences of non-appointment and/or demonstrate evidence of long standing retention difficulties that are directly linked to pay. Market data relating to the labour market and competitive salary data will need to demonstrate the recruitment difficulty. Exit data and pay data will be needed to demonstrate a retention case.
- 3.3 The VCO will determine:
 - a. whether there is objective evidence of a specific recruitment and/or retention problem

- b. whether there is objective evidence that the cause of the recruitment/retention problem relates to pay differentials between the University and other employers
 - c. if so, the level of supplement required
 - d. date of review of supplement (must be within two years) based on the strength of market analysis
- 3.4 Where a candidate is offered a post but refuses to accept the offer on the basis of salary a request may be made to the VCO for consideration under section 3.2 and 3.3 above. If the VCO approves a supplement the post must be re-advertised using external recruitment.
- 3.5 Any supplement paid is subject to tax and national insurance. Given that the payment may be withdrawn or reduced at review dates the individual may choose to take this payment into account for pension purposes.

4 Review of Market Supplements

- 4.1 Market supplements are only offered for a set number of years. Six months before the end of that period the VCO reviews evidence of market factors to determine whether the supplement is still required.
- 4.2 If there is objective evidence of continuing recruitment and/or retention difficulties the supplement is reviewed and can be increased, decreased or remain at the same level for a set period. Where an increase level is set this will only be applied to existing posts if there is evidence of retention difficulties.
- 4.3 Where a supplement is terminated or reduced the individual will be given 3 months' notice of this change. The change will be phased over a period of two years to allow the individual time to adjust expenditure to accommodate the change in pay.

POLICY SIGN-OFF AND OWNERSHIP DETAILS	
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V1.2	November 2019	Formatting updates (minor amends not requiring committee approval) and transference to new template	HR Manager
V1.3	December 2021	Formatting updates (minor amends not requiring committee approval)	HR Manager