Market Pay Supplement Policy

1. Introduction

Birkbeck is committed to attracting and retaining the best possible employees to ensure the continued success of the College, whilst maintaining the principles of equal pay and closing identified pay gaps. To support this aim, the majority of posts at the College are subject to the Hay Job Evaluation Scheme in order to robustly determine the appropriate grade and salary for posts.

The College acknowledges that on occasion there may be exceptional circumstances, usually due to market conditions, where the Hay evaluated grade and related salary for the post results in an inability to successfully recruit or retain employees. In such exceptional circumstances the line manager of the post(s) or proposed post(s) may wish to submit a business case for a market pay supplement, with guidance from their HR Business Partner, to the relevant decision maker for approval. Please see section 4. Roles and Responsibilities and the procedure for further information.

2. Policy Principles

Market pay supplements are used for either recruitment and/or for retention, as outlined above. Supplements approved at the recruitment stage will normally be short term, usually up to two years, in order to meet the set criteria outlined in the procedure, for example, if there has been difficulty filling a post.

Supplements for the purpose of retention should also be used in the short term, also normally up to two years, in order to retain an existing employee due to, for example, their specific skill set.

Market pay supplements should not be used to reward the performance of employees. In such instances the Contribution Related Pay Awards Policy may be relevant. If you are unsure which policy applies, please contact your HR Business Partner for further advice.

In line with the Equality Act 2010 Code of Practice: Equal Pay, any requests for a market pay supplement must evidence that the market pay supplement is due to a material factor which does not relate to the employee’s sex or gender. Objective justification should, therefore, be established during the business case process in the procedure: 1. Initiating a business case.

This policy and procedure has been written acknowledging the National Framework Agreement for the Modernisation of Pay Structures, Appendix E Guidelines for Use of Attraction and Retention Premia.
The following procedure will ensure that this policy is used fairly and consistently.

3. **Scope**

This policy and procedure applies to all staff groups, with the exception of apprentices.

Applications for staff at grade 10 may require final approval by the relevant committee i.e. the Remuneration Committee or the Professorial and Senior Salaries Committee. HR can advise on such cases, as appropriate.

4. **Roles and responsibilities**

The following roles have responsibilities under this policy and procedure:

- **Line managers will:**
  
  a. assess and recommend whether a market pay supplement is necessary;
  
  b. complete the Market Pay Supplement Application Form, seeking advice from their HR Business Partner, which will outline the business case for the market pay supplement, including:
     
     i. the reason for the request;
     
     ii. measures already taken during recruitment or retention;
     
     iii. any other data which supports the need for a market pay supplement for example evidence of recruitment and retention difficulties;
     
     iv. other supporting recruitment/advertising information and data;
     
     v. copies of any competitive offers made to the individual, if relevant;
     
     vi. whether any comparator roles have been identified and a recommendation as to whether the supplement should be extended to these roles too; objective justification for any salary differential created by the supplement will be noted in the form.
  
  c. Refer the Market Pay Supplement Application Form to the Executive Dean or Director of Professional Services for endorsement, as appropriate;
  
  d. ensure that market pay supplements are not offered until the procedure has concluded;
  
  e. monitor the relevance of the market pay supplement, in conjunction with their Executive Dean/Director of Professional Services;
f. schedule a timely review meeting of the continued need for the market pay supplement, again taking in to account renewed data; and

g. initiate and lead discussions with the employee and a representative from HR (if required) to notify them if a decision has been made to reduce or withdraw the market pay supplement.

- **Human Resources will:**
  
a. liaise with line manager during the business case process;
b. review whether comparator roles have been identified, including any potential equality and diversity issues;
c. collate and share appropriate benchmarking data, such as equal pay review data, senior salary reports from UCEA etc.;
d. provide a monthly report of market supplements for discussion/monitoring purposes;
e. work with the line manager, usually six months before a supplement is due to end, to discuss and accommodate any adjustments that need to be made;
f. if required, attend discussions with the employee and line manager if a decision has been made to reduce or withdraw the market pay supplement;
g. log and confirm the outcome in writing to the employee and line manager;
h. conduct a review of this policy, in consultation with relevant stakeholders; and
i. monitor the application of market pay supplements for equality and diversity implications.

- **Executive Dean or Director of Professional Services will:**
  
a. endorse or reject business case for market pay supplement.

- **Director of Human Resources or Deputy Director of Human Resources will:**
  
a. approve and sign-off or reject business case for market pay supplement.
b. Send relevant grade 10 requests to the appropriate committee for consideration/approval.

- **College Secretary or Deputy College Secretaries will:**
a. countersign market pay supplement for Teaching and Scholarship, Research, Professional and Support staff approved by Director of HR.

- **Master or Vice Master will:**
  a. countersign market pay supplement for Academic staff approved by Director of HR.

- **Remuneration Committee or the Professorial and Senior Salaries Committee.**
  a. Consider and endorse, if appropriate, market pay supplements for grade 10 staff.

- **Employees will:**
  a. on request, provide supporting evidence for market pay supplement business case;
  b. provide a copy of any competitive offers made to the individual, if requested;
  c. agree to abide by the terms governing the market pay supplement; and
  d. engage with the line manager, following a review decision to reduce or withdraw the market pay supplement.
Market Pay Supplement Procedure

1. Initiating a business case

Line managers should discuss any possible market pay supplement cases with their Executive Dean or Director of Professional Services before submitting a business case. They should also consult their HR Business Partner for advice and guidance on the most appropriate process to follow and to ensure that it is managed in a timely and robust manner. Care should be taken to ensure that the process followed complies with equal pay and equality legislation and that a clear evidence-based approach is used to assess the suitability of the market pay supplement. Decisions on whether a market pay supplement is to be paid will be made on a case-by-case basis.

2. Criteria

Line managers should select from the following of criteria to submit their business case for a market pay supplement:

- to attract candidates to a post(s) which has proven to be difficult to recruit to due to market forces; or
- to recruit or retain an individual based upon their exceptional skill, knowledge or experience; or
- to secure the recruitment or retention of an individual with a funding grant; or
- to secure the recruitment of an individual at short-notice due to exceptional circumstances as an interim measure, subject to review, in line with the timeframe set out in the College’s Recruitment and Selection Policy; and/or
- to match a rival offer of employment.

Although other criteria may apply, line managers should consult HR in the first instance to identify which is the most appropriate.

A range of supporting evidence should be used which are explained in the following sections.

2.1 Recruitment

Evidence collated should include the following, where practicable:

- relevant documentation regarding the recruitment process, e.g. job description, person specification, role and budget approvals and normally evidence to show that the attempts to recruit usually at least twice to the
post(s) in the preceding six months were unsuccessful, considering issues such as where the post was advertised; how long it was advertised etc.;

- pertinent external labour market information documenting key data such as advertisements for similar roles highlighting higher pay rates or specialist data from head-hunters, pay data services or market reports;
- consideration of other benefits and rewards the College offers in addition to pay, such as learning and development opportunities, pension schemes, holiday entitlement and so on;
- confirmation of the funding award/grant, if relevant; and/or
- evidence of why the College requires the specific skills, expertise or experiences of that particular individual.

Line managers should seek advice from HR if they are not sure what evidence to collate.

Where an individual or group of individuals are employed on the basis of exceptional skill, knowledge or experience to a particular post, group of posts or programme(s), they will receive confirmation in writing setting out any expectations and key deliverables, including the timeframe of the supplement.

2.2 Retention

Evidence provided should include the following, where practicable:
- information regarding any retention issues such as resignations, job offers, high rates of staff turnover (compared to national rates), and exit interview data, if available, highlighting any association with unsatisfactory pay or benefit levels;
- internal quantitative and qualitative data such as student feedback or student retention data;
- evidence to show that non-pay benefits such as learning and development opportunities have been considered, working hours and flexible working options have been reviewed; and
- evidence of why the College requires the specific skills or experiences or the loss of a particular individual or group of individuals poses a business risk to the College, making a replacement appointment(s) of similar calibre unlikely.

Line managers are advised to consult with HR to determine which evidence can be collected to support the business case.

3. Calculation of market pay supplements

HR will compare the relevant post(s) under consideration for a market pay supplement with independent external pay data to assess the level of justification
for the allowance. The comparison will be based on the full benefits package available to the role irrespective of whether the individual opts out of a benefit arrangement, such as a superannuation scheme. A market pay supplement will normally be based on the median salary. The supplement will be prorated for individuals in part-time posts.

Payment of market pay supplements will have a defined start and end date. The supplement will be pensionable if the individual is a member of either the Universities Superannuation Scheme (USS) or the Superannuation Arrangements of the University of London (SAUL). At the point of payment, the supplement will be subject to normal deductions, i.e. income tax and national insurance contributions. The application of a recruitment or retention payment will only apply from the agreed date of authorisation by the College for the post(s) specified and may be backdated to this date, if necessary.

4. Approval and sign-off

Following a discussion with their HR Business Partner, the line manager should obtain an endorsement of their business case from their Executive Dean/Director of Professional Services, as appropriate before the proposed supplement is communicated to the employee. If the business case is sound and supported by evidence, the Market Pay Supplement Application form should be submitted to the Director of HR for approval and countersigned by the College Secretary/Master (and referred to the Remuneration Committee or the Professoral and Senior Salaries Committee, if appropriate). HR will retain a copy of the business case documentation and the final decision made. Once the manager and employee have met to discuss the outcome, HR will write to the individuals being considered for a market pay supplement and the appropriate line manager to notify them of the outcome.

5. Monitoring and review

The application of market pay supplements will be monitored by HR. Line managers, in conjunction with their Executive Dean/Director of Professional Services, should review the need to continue paying a market supplement on an annual basis (or where there is a specific review date) to ensure that paying the market pay supplement is still relevant. In consultation with HR, managers should also consider:

- whether the market pay supplement has resulted in an increase in staff appointments in hard to recruit areas or a decrease in staff turnover in relation to pay and benefits;
- the possible impact (business risk) on recruitment/retention levels if the market pay supplement were reduced or withdrawn;
- variations in the labour market; and
- relevant data from external sources recruiting/retaining similar staff.
Managers should consult their HR Business Partner no later than six months before the market pay supplement is due to end, to accommodate any adjustments that need to be made.

Possible outcomes and actions following the review include:

- the market pay supplement continues; usually because there has been no change in market conditions, existing supplements will remain at the current level until the next agreed review date;
- increase the market pay supplement; HR will document the rationale for the change and communicate the uplift to the employee’s line manager via a written notice of variation and applied from the review date; or
- reduce or withdraw the market pay supplement; the manager should document the rationale for the change, undertake discussions with HR before communicating the decision and provide a three-month written notice of variation. During this period, the supplement will continue to be paid at the existing rate and then either reduced or removed.

6. **Termination of Market Pay Supplements**

Market pay supplements will be terminated in line with the above section. If an employee moves to or is redeployed to a role that does not attract a market pay supplement, any such existing payments will cease from the date of change of appointment.

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<th>HRSPC</th>
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<tbody>
<tr>
<td>Date approved by Committee:</td>
<td>October 2019</td>
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<tr>
<td>Policy Author and Job Title:</td>
<td>Natalie Pancheri (HR Project and Policy Lead) and Elaine Brown (HR Business Partner)</td>
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<tr>
<td>Version number:</td>
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<td>October 2023</td>
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**Contribution Related Pay Awards Policy**

**Recruitment and Selection Policy**