

Market Supplements Policy for Grades 1-8

1. Policy Statement

The use of 'Market Supplements' provides Cardiff University with a mechanism to address pay related recruitment and retention issues, whilst ensuring compliance with provisions within the Equality Act (2010). The act specifies the requirement to justify financial differences between jobs of equal value.

These issues often exist due to external labour market pressures. In exceptional circumstances this may lead to both internal staff and external candidates who possess skills and expertise that are in short supply, being able to command relatively higher salaries than the grade maximum provided under the University's pay and grading structure.

Market Supplements are not a mechanism to award performance.

2. Equality & Diversity Statement

Cardiff University is committed to equality of opportunity and to promoting an ethos of dignity, courtesy and respect throughout the organisation.

The University promotes equality of opportunity by ensuring that all staff have access to its programmes, services and facilities.

3. Objectives of the Policy

Cardiff University 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 used to grade roles on the National Framework Agreement. In conjunction with the Higher Education Role Analysis (HERA) job evaluation mechanism, this policy will:

- Ensure the award of Market Supplements is objectively justifiable.
- Comply with best practice and equal pay legislation.
- Provide a means for objectively justifying the need to offer different rates of pay to staff whose work is of equal value.
- Provide a mechanism for removing supplements when they are no longer warranted.
- Seek to ensure that the University recruits and retains the best staff.
- Seek to ensure consideration is given to the relative market value of acquiring the skills required and the financial impact of this.

4. Market Supplements Defined

A Market Supplement is paid in addition to the salary for a post(s) where external market pressures would otherwise prevent the University from being able to recruit or retain staff in sufficient numbers at the normal salary for jobs at that grade.

5. Eligibility for Market Supplements

Market supplements may be applied to any role, regardless of contractual arrangements. This policy covers grades 1- 8, non-clinical staff. For senior staff, please contact your College/Professional Services HR Manager.

For employees who require or have a Certificate of Sponsorship (CoS), the University has certain responsibilities in relation to migrant workers who have been issued with a CoS under Tier 2 of the Points Based System. Please contact your College/Professional Services HR Manager for more information before using this policy.

6. Types of Market Supplements

Market Supplements can be applied for either recruitment or retention issues.

Recruitment – a Market Supplement is used to attract an individual to a post where it is evident that there are, or are likely to be difficulties in recruiting due to market rates for comparable roles being significantly higher, having considered the total pay and reward package available to employees of Cardiff University.

Recruitment market supplements can be considered in one of the following scenarios;

1. **Unsuccessful recruitment:** where a recruitment campaign has failed to find employable candidates, where there is a skills shortage due to external market pressures.
2. **Counter offer:** where, in order to attract the preferred appointable candidate, a higher rate of pay is required than is available through the grading structure.

Retention – a Market Supplement is used to retain an individual within their current role where there is evidence that they intend to leave due to higher external market pay rates in comparison to the total reward package available to employees of Cardiff University.

Market supplements can be either a **one-off lump sum payment**, or an **addition to base salary** to match the evidenced external market rate. Market supplements are applied for a specified fixed period and are subject to regular review, after which they can be increased, reduced or withdrawn. This is undertaken by the Head of HR Operations after review by the HR Reward Manager.

Market supplements are non-pensionable and are not subject to national pay awards.

7. Awarding Market Supplements

Market supplements will only be awarded where there is a clear business case. No offer of a Market Supplement is to be communicated or confirmed until that business case has been considered and approved by the Head of HR Operations.

Where recruitment has been unsuccessful and a Market Supplement is required to aid a recruitment campaign, this business case will need to cover:

1. Market analysis detailing the pay and reward packages used by comparable external organisations
2. Evidence of previous failed recruitment exercises due to higher external market pay rates, in comparison to the total reward package available to employees of Cardiff University.
3. Details of staff hired within the last 12 months at the same grade
4. Analysis of any equal pay impact this will have within the School/Department for those undertaking comparable roles.

For Market Supplements where the candidate you wish to offer the post to is requesting a salary outside the current grade pay ranges, this business case will need to cover:

1. Evidence of the candidate's current pay and reward package
2. Evidence of the broader external market pay and reward packages
3. Confirmation that no other appointable candidates were available who do not require a Market Supplement to be recruited
4. Analysis of any equal pay impact this will have within the School/Department for those undertaking comparable roles
5. Where there are comparable roles, details of the step difference in skills and experience the individual has compared to those within these roles

For Retention Market Supplements, this business case will need to cover;

1. Reason for retention
2. Evidence of an offer by an external organisation, with proof of the pay and reward package being used to attract the individual
3. Evidence that the external role is comparable to the current role
4. Evidence that pay is the main contributing factor in the retention that cannot be addressed in other ways (e.g. by improved training/career development opportunities, improved job design)
5. Evidence that other reward mechanisms (for example Outstanding Contribution Award Scheme, regrading, responsibility allowances) cannot be applied
6. Analysis of any equal pay impact this will have within the School/Department for those undertaking comparable roles

8. Approval process

No offer of a Market Supplement is to be communicated or confirmed until it has been approved by the Head of HR Operations.

The Line Manager completes the Market Supplement Application Form to provide information and evidence within a business case to demonstrate the need for a Market Supplement. This information is required to justify the decision to grant a Market Supplement should there be any challenge to this, such as an equal pay claim.

The form needs to be signed by the Head of School/Director of Professional Services and returned to their HR Manager/Business Partner for discussion supported by the College Pro Vice Chancellor/Chief Operating Officer.

The completed signed form is then sent to the HR Reward Manager to review and discuss with the Head of HR Operations for consideration and approval.

9. Payment of Market Supplements

Market supplements are applied only to the post(s)/individual(s) noted in the business case unless otherwise advised by the Head of HR Operations after review by the HR Reward Manager.

Where a Market Supplement is approved, the value will be determined by the difference between the University's normal pay rate for the post, as determined by role analysis, and the market rate for the role.

The Market Supplement will be paid in addition to basic salary and will be expressed as a gross sum. The supplement will be identified separately from other pay components on the pay advice slip.

Market supplements are non-pensionable and are not subject to national pay awards.

Market supplements will be subject to National Insurance, PAYE income tax and will be taken into consideration in the calculation of all statutory and occupational entitlements e.g. family-friendly leave and redundancy payments. However, for the calculation of all other payments, market supplements will not be included.

10. Reviewing Market Supplements

Market supplements are reviewable as specified in the business case and usually within 2-3 years of being implemented. They can be adjusted in the following circumstances:

- Reducing Market Supplements paid as additional salary to match external salary are reduced by any increase in the base salary, to maintain the market rate of salary requested in the business case. Should the increase exceed the market rate of salary, the Market Supplement will no longer apply.
- Changes in external market conditions and pay rates. Where there is no longer a factor in the recruitment or retention of those subject to the market supplement, this will be reduced/removed following a review by the HR Reward Manager and confirmed by the Head of HR Operations.
- When an individual leaves the post where the Market Supplement is applied, i.e. such as moving to a new post within the University, a re-grading or promotion, the Market Supplement will cease.

11. Repayment period

Where a staff member has received a one-off recruitment Market Supplement or a retention supplement and leaves the University within three years of the supplement being awarded, they will be required to reimburse a proportion of the amount paid to them as follows;

- During the first year 100% of the total amount paid
- During the second year 50% of the total amount paid
- During the third year 25% of the total amount paid

12. Monitoring

The HR Department will monitor the process of awarding market supplements in line with the University's Strategy. The HR department will also take responsibility for reviewing the overall effectiveness of the Market Supplement policy and for monitoring the equal opportunity impact of the scheme.

| Document Control: | | | | |
|--|-----------------------|--|-------------|------------------------------------|
| Version number | Date created/modified | Reasons for creation/modification | Review date | Name of document custodian/creator |
| 2 | May 2018 | Policy revision to include statement regarding CoS and to ensure clarity of the policy and process | May 2021 | Reward Manager |
| Disclaimer: Hardcopies of this document are considered uncontrolled. Please refer to the HR website for the latest version | | | | |