



Procedure for determining and awarding market related payments

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The following procedure and checklists should be followed when deciding whether recruitment or retention premia are justified for a role. Heads of School/Service should complete the checklist, in conjunction with their Faculty HR Manager, in order to provide an audit trail and to demonstrate the need for a recruitment or retention premium.

Recruitment premia may be applicable where difficulties are experienced in recruiting suitable staff to a role or there is significant evidence that this will be the case.

Retention premia may be applicable where difficulties are experienced in retaining staff in a particular role or where there is significant evidence that this will be the case.

Where recruitment or retention issues are actually experienced Heads of School/Service should consider the issues outlined in Step 1 and discuss the most appropriate way forward with their Faculty HR Manager. Where strong evidence exists to suggest that the University pay rate as determined by role analysis alone will result in recruitment or retention difficulties Heads of School/Service should outline this evidence and meet with their Faculty HR Manager to consider the issues outlined in Step 2.

1. Step 1

Recruitment Premia

- 1.1. Where recruitment problems are actually experienced the effectiveness of the recruitment process and the appropriateness of the job design should be considered alongside pay issues when investigating their cause. A number of sources of

information can be used to do this and HR Managers can advise on the most appropriate methods.

Step 1a

1.2. Where a job is advertised with a specified salary and a large number of expressions of interest are received this indicates that salaries are competitive. If few applications are returned or a high proportion of applicants drop out of the selection process, investigations should focus on areas such as:

- How/if information packs can be made more appealing and promote the (often non pay) benefits of working for the University more effectively.
- Whether application forms can be made more 'user friendly' and easier to complete.
- Whether there are undue delays or specific problems with the selection procedure so that applicants may accept other job offers in the meantime.
- Whether the design of the job and the person specification are appropriate e.g. are the skill sets being requested realistic.

Step 1b

1.3. Where a job is advertised and there is little interest, both pay and non pay factors should be considered, including:

- Whether the advert was placed in the appropriate media for the post(s) in question.
- Whether adverts were appealing and drew attention to the range of benefits and career opportunities the University offers.
- Whether the design and description of the job was appropriate e.g. are the skill sets being requested realistic.

Retention Premia

Step 1c

1.4. Where retention problems actually occur the underlying causes need to be identified. To do this various sources of data can be used including turnover data (resignation rates¹) from other university departments and historical data from the department or staff group in question.

1.5. Where turnover is higher than normal the reasons for this should be identified together with the destinations of leavers.

1.6. Information on the main reasons for leaving and causes of general discontent could be obtained from various sources such as:

- Exit interviews
- Leavers' surveys
- Normal management/support meetings
- Staff opinion surveys

1.7. This information can be used to develop a retention strategy to address the issues raised.

¹ The number of staff who have resigned (excluding internal transfers, those who were dismissed, made redundant or retire), divided by the average number of staff employed in a period (the number at the beginning plus those at the end divided by two), multiplied by 100.

2. Step 2

- 2.1. Where no problems with the adverts or the recruitment process are identified, or where evidence from appropriate sources shows that the main reason for staff leaving is for more pay (other than as part of the normal career/personal development process), or alternatively where problems have not yet been experienced but strong evidence exists to suggest that there will be a market related recruitment or retention issue, objective evidence of the pay rates being offered by competing employers for similar posts, as well as the main features of the labour market, should be obtained.
- 2.2. HR Managers can access evidence of pay rates via independent analysts.
- 2.3. Where the market rate is equal to or lower than the value of the total benefit package offered by the University for the role, Heads of School/Service will work with HR managers to identify other underlying causes of recruitment or retention problems, such as skill shortages or transport problems, and identify the most appropriate way of overcoming them.
- 2.4. Where pay rates elsewhere are significantly higher than the reward package offered by the University for the role, Heads of School/Service and HR Managers will consider ways of improving recruitment or retention such as by offering/making individuals aware of the compensatory, non pay benefits the University offers (which other employers frequently do not) such as:
 - A final salary pension scheme.
 - Training and career development opportunities.
 - Flexible, family friendly working hours.
 - The opportunities to engage in leading edge teaching or research.

3. Step 3

- 3.1. Where non pay benefits are considered ineffective in improving recruitment a market premium will be offered and the rationale for this recorded. Depending on circumstances, this will take the form of:
 - A lump sum payment
 - An ongoing payment paid in addition to salary, either for a fixed or indefinite period of time.
- 3.2. The type and size of the premium will be determined from evidence of the features of the particular labour market and the difference between the University's normal pay rate (usually the midpoint of the grade for the post as determined by role analysis) and the market rate for the post in question. The median market rate will normally be used for ongoing premia.
- 3.3. (N.B. Where a market premium is appropriate for a role with a significant teaching element and to bring in staff from outside the sector HEFCE funding may be available. Guidance on the availability and use of this funding can be found in Appendix 1.)
- 3.4. The terms on which the premium will be awarded will be clearly explained to the member of staff and will also form part of the contract of employment.

- 3.5. The annual review date for that role will be set. This review date will apply to all role holders who receive a premium for the role even if they are appointed at a different time.

4. Step 4

- 4.1. At the annual review it will be identified if a premium is still warranted and the amount still justified in light of any changes in labour market conditions and/or pay increases awarded by the university. The review will also consider the likely impact on vacancies and turnover of removing or reducing a premium.
- 4.2. Where the available evidence on pay rates elsewhere and labour market conditions shows that recruitment and retention premia are no longer necessary or appropriate for the role they will be reduced or withdrawn in line with the University's policy on the use of market related payments.
- 4.3. Where the available evidence on pay rates elsewhere and labour market conditions shows that an increase in the recruitment and retention premium is required that increase will take effect in the month following the review date.

5. Checklist for the consideration of recruitment or retention premia

The following checklist should be completed by the Head of School/Service/Faculty HR Manager in each case where a recruitment or retention premium is considered. It will form the record of the investigations and the rationale for the decision.

Role to which premium should apply:

Reference

Issues to be considered	Evidence
Step 1	
Have you actually experienced recruitment or retention difficulties? If yes, please provide details below. If no, please attach evidence which suggests that recruitment or retention issues are likely and go to Step 2	
Recruitment issues	
Where has the post been advertised? Please attach a copy of the advertisement	
Were the appropriate media used e.g. the appropriate newspaper, journal etc?	
Does the advertisement 'sell' the full benefits of working for the university?	
How many times has the post been advertised?	
How many requests for information were received?	
Does the information pack 'sell' the full benefits (including non pay benefits) of working for the university?	
How many applications were received?	
Could the application form be considered too complicated/off-putting?	
How many people were invited but dropped out of the subsequent selection process?	
Could the selection process be too long – do people get other jobs in the meantime?	
Is there actually a need for the job in its current form? Could the objectives be achieved in a	

different way?	
Is the job design appropriate e.g. are the skills and experience requested realistic?	
Retention issues	
Are resignation rates for the department/staff group higher than historical rates and those of other departments within the university? Please attach evidence of turnover rates.	
What are the main reasons given for staff resigning? Please attach evidence from appropriate sources such as exit interviews. (Only where these are strongly pay related and outside the normal career/personal development process should retention premia be considered)	
Is there an alternative means to achieve the role?	
Step 2	
What is the market pay rate for the post? Please attach evidence.	
What is the difference between the market rate and the University's normal pay rate (usually the midpoint of the grade for the post as determined by role analysis) for the job?	
If market rate is lower or equal to University's normal pay rates, what could explain recruitment or retention problems?	
If market rate is higher than the value of the University's total benefit package, what other 'non pay benefits' have been tried/could be tried and, if tried, how effective were they?	
For recruitment issues, is the problem due to the bottom of the University's pay range being lower than the market rate and could an individual's skills and experience warrant a higher starting salary within the grade band?	
For recruitment issues, is there evidence to suggest that the University's normal pay and benefits would be sufficient to retain staff once recruited?	

Is the difference between the University's normal pay rate and the market rate likely to be a short or long term problem?	
Step 3	
How large a premium should be awarded? (Please provide additional rationale if a higher than median market rate is being paid)	
What form should this premium take?	
What is the rationale for this?	
How long will the premium be paid for?	
If a candidate meeting HEFCE funding criteria is appointed (see Appendix 1) will HEFCE funding be available and authorised? If so, please specify the amount payable in each financial year.*	
When is the annual review date (if applicable)?	
Has the employee been made aware of the terms on which the award is made?	
Has the employee confirmed whether they wish the premium to be considered as pensionable pay? (if applicable)	

Dean of Faculty (print name):.....

Dean of Faculty (signature):.....

Director of HR (print name):

Director of HR (signature):.....

Date:

Annual date of review: