

**MARKET SUPPLEMENT POLICY**

1. **Introduction**
	1. From time to time, external labour market conditions can produce situations in which roles with scarce skills and expertise can command higher salaries than the maximum provided under the University’s prevailing pay and grading structure.
	2. In a limited number of cases, where the ‘going rate’ is in excess of the salary offered by the University, and **all** other avenues to resolve recruitment or retention difficulties have been exhausted, consideration may be given to the payment of a market supplement.
	3. This policy sets out the criteria against which cases will be assessed by the University’s nominated panel convened to consider such requests.
	4. This market supplement policy forms part of the University’s employment policies.
2. **Scope**
	1. This policy applies to all employees of University of Sussex, except those employed on NHS terms and conditions who are governed by those terms of employment.
3. **General Principles**

3.1Any market supplement must be objectively justified within the parameters of equal pay legislation and must not compromise the University’s pay and grading structure. Therefore, the appropriate criteria must be met (see section 4 below) and the market supplement request form (available from the Human Resources web pages) must be authorised by the appropriate Head of School or Professional Service.

3.2 Any decision to award a market supplement is valid for a maximum period of 2 years. The school/service are required to present a new case to continue a market supplement beyond this time frame, and subsequently every 2 years, 4 months prior to the anniversary of the original supplement.

3.3 If a market supplement is applied to a job role in a specific area or team, all post holders of that job role in that specific area or team will receive the market supplement. In exceptional circumstances a payment could be made to an individual (or group of individuals) in a post in a specific area or team if there is clear and non-discriminatory rationale for distinguishing this post from the others. For example, a Professor within a discipline where the market dictates a higher rate of pay for that particular discipline.

* 1. Any award of payment is not contractual or binding and can be removed at any time and is not subject to appeal.
1. **Criteria for Market Supplement**
	1. Market supplements will **not** be considered or paid unless all the following criteria are met:
* Evidence of pay-related recruitment/or retention difficulties, this could include; turnover rates in the specific job group, and evidence that high levels of turnover are pay related; responses to job advertisements or other recruitment initiatives; qualitative assessment of job applicants; details of other measures taken to boost recruitment and improve retention and the outcome e.g. communication of the total reward package offered by the University.
* An explanation, with evidence of the impact on service provision and delivery which would result from failure to recruit/retain the number, level and calibre of staff required.
* Clear evidence that the University’s rates of pay for the defined post fall below the required level in relation to the comparator market.
	1. A market supplement will only be paid where all other solutions to resolve the recruitment and retention issues have been exhausted.
1. **Setting and Payment of the Market Supplement**
	1. The amount of the market supplement will be determined in accordance with the evidence presented. The evidence will be considered by a panel that will consist of the Director of Human Resources, Director of Finance or their delegates, and the Head of School/Service within which the employee(s) work.
	2. The average market rate will normally be used in decisions for ongoing premium payments, where the decision is to apply an award above the average, additional information will be required as to why the average is not the appropriate comparison.
	3. If a post is less than the full time equivalent the Market Supplement agreed for the equivalent full time post will be paid pro rata for the appropriate post.
	4. The market supplement will be paid monthly in line with normal pay periods.
	5. Market supplements will not be subject to annual pay awards or cost of living awards.
	6. The market supplement will be payable to an employee where they are on any type of leave where ‘normal’ pay is received.
	7. The market supplement will not be paid to individuals once they leave the role for which it was awarded, whatever the reason.
2. **Procedure for the Allocation of a Market Supplement**

6.1 A completed form available on the HR web pages, should be sent to HR who will arrange a date for the Head of Service, Director of HR and the Director of Finance (or their delegates for the HRD and FD), to meet and decide upon the level of the market supplement. This panel will consider the evidence presented to ensure there is sufficient evidence to both justify a market supplement and to withstand any challenges under Equal Pay legislation. Consideration of requests to pay market supplements will be given on a case by case basis

6.2 If the decision is to award a market supplement, all current employees affected by the decision will be written to by HR, informing them of the decision and the terms of the market supplement.

6.3 If the decision is not to award a market supplement the manager will be informed, and the reasons for the refusal to award a payment will be communicated via HR to the line manager.

6.4 The market supplement will be reviewed on a biennial basis. Where the available evidence (collated by management and the HR Team) on pay rates elsewhere and labour market conditions show that market supplement premia are no longer necessary or appropriate for the role, they will be reduced or withdrawn in line with this policy. The individual(s) receiving the payment will be provided with written notice regarding the withdrawal or reduction and will be informed of this provision at the point where the market supplement is awarded and at any ongoing confirmation of the payment of a markets supplement.

6.5 Where the available evidence on pay rates elsewhere and labour market conditions show that an increase in the market supplement payment is required, that increase will take effect in the month following the anniversary date.

[**Market Supplement Guidance**](http://www.sussex.ac.uk/humanresources/documents/market-supplement-guidance-v13.docx)

[**Market Supplement Request Form**](http://www.sussex.ac.uk/humanresources/documents/market-supplement-request-form.docx)