

Royal Northern College of Music
Market Supplement
Policy & Procedure
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RNCM
ROYAL NORTHERN
COLLEGE of MUSIC

1. Introduction

The Royal Northern College of Music (RNCM) is committed to the principles of equal pay for work of equal value. All salaries are determined through analytical job evaluation using Higher Education Role Analysis (HERA).

The Joint Negotiating Committee for Higher Education Staff's (JNCHES) Framework Agreement for the Modernisation of Pay Structures states that, following role analysis and the adoption of new grade structures, institutions may need to supplement pay rates for some staff where market conditions dictate. This is because role analysis does not take account of markets where people with scarce skills and expertise in short supply can command a relatively high salary.

The RNCM competes locally, nationally and internationally for the skills required to maintain our status as a leading international conservatoire. Where recruitment and retention difficulties are evident and are supported by a clear business need and by objective market data, the College will consider applying a market supplement payment in addition to the total salary for the post.

The Equal Pay Act 1970 requires that there should be objective justification for payment of market supplements. This policy is in place to ensure that the College is able to account for market forces in cases where it is exceptionally difficult to recruit or retain staff, but will also ensure the principles of Equal Pay are maintained and the integrity of the pay and grading structure retained.

It is the College's policy to pay market supplements only in exceptional circumstances and to follow a clear and consistent framework for the determination of any market supplement payment which:

- Ensures the College meets its obligations under equal pay legislation and maintains the overall integrity of its pay and grading structure;
- Allows market supplements to be considered only where a clear and demonstrable business need exists;
- Ensures that other non-pay factors in the remuneration package are fully explored before a market supplement payment is considered;
- Requires all market supplements to be reviewed every three years and be retained, varied or withdrawn where necessary.

This policy relates to all categories of RNCM staff including academic and professional services staff who are employed under permanent or fixed term contracts.

2. Definition

A market supplement payment is an addition to salary for a specific individual post, or group or sub group of posts. It is paid where other employers' higher pay rates (the market rate) prevent the College from being able to recruit or retain staff on the salary indicated for their role by role analysis alone.

Should labour market conditions change and market pay rates fall, or where a member of staff receiving a payment moves to a different post that does not attract a market-related payment, their entitlement to that payment will cease and the premium will be withdrawn in line with agreed notice and protection periods.

Note – The application of a Market Supplement relates to the role, if seeking to reward individual performance or contribution of an individual you should refer to the Reward & Recognition Policy.

3. Eligibility

A market supplement may be applied where:

- there is a clear business need supported by objective market data
- the rate of pay offered directly results in increased labour turnover or an inability to recruit or retain candidates of sufficient calibre.
- The role has undergone HERA evaluation to establish the correct grade within the last 3 years (Professional Services roles).

Market supplements may be considered necessary and be applied to an individual's basic salary at the recruitment stage, for example, to reflect the range of benefits they bring in attracting the very highest calibre of student, which promotes and enhances the reputation of the College. Objective market data should reflect regional variation and should include data from a number of sources including:

- Sector pay surveys – UCEA, HEFCE etc
- Independent occupational surveys e.g. Income Data Services (IDS)
- Salaries as published in job advertisements
- Recruitment records including number and cost of adverts required to recruit posts
- Turnover statistics
- Exit questionnaire feedback.

4. Procedure

Where significant difficulties are experienced in recruiting or retaining staff in a role, or there is evidence that this will be the case, the following procedure should be used to assess whether a market supplement payment is justified.

Stage 1: Investigate recruitment and / or retention problems

A market supplement will only be considered once other ways of improving recruitment and retention have been explored and exhausted and market pay is shown to be the **main** issue. Therefore, before a request for a market supplement is made, the School/Department must establish (where applicable) that:

- the recruitment process has been of a high quality, and no problems with it can be identified;
- evidence concerning high levels of staff turnover suggests that the main reason for staff leaving is for more pay to undertake comparable roles (thus discounting normal career progression/personal development);
- strong evidence exists to suggest that such problems are likely to arise;
- non-pay approaches, including using secondments, giving greater prominence to benefits, offering training and career development opportunities etc. have proved ineffective;

- there is evidence to suggest that the normal reward package offered is uncompetitive in the current market.

If, following this initial investigation, it is established that market pay is the key issue, sufficient data must be gathered to support this.

Stage 2: Gathering / analysing market data

Market pay data must be gathered from a minimum of two relevant and reliable sources. A member of the Human Resources Department can provide assistance with the identification and analysis of relevant and appropriate market pay data.

Stage 3: Formal request for Market Supplement

If, following an analysis of the data, it is established that the market rate for the post/group of posts is significantly higher than the total reward package being offered by the College, a formal request to implement a market supplement along with a recommendation as to its amount and duration should be made to Head of Human Resources.

In order to formally request implementation of a market supplement, the Head of School/Department should complete a [Market Supplement Request Form](#). This form will ask for information which shows that Stages 1 and 2 of the procedure have been followed, and that there is evidence to support the use of a supplementary pay for recruitment/retention purposes.

5. Approval process

The Executive Committee Staffing Sub Group will consider all recommendations to pay a market supplement and will formally approve or reject such requests.

In approving a market supplement the Staffing Sub Group will consider;

- A demonstrable business need
- The record of retention and recruitment within the College for that post
- The relevant labour market, including comparative rates of pay and terms of employment
- Whether there is objective evidence of a general recruitment and/or retention problem.

All recommendations will be considered in accordance with the approval process outlined above.

The Human Resources Department will retain a record of all cases that have been considered including the rationale for applications that have been approved or refused.

6. Review process

A review of the supplement should be carried out every three years by the Head of School / Department, or earlier if market trends close the pay gap significantly. This will involve a further assessment of the market conditions and organisational requirements to determine (via the Market Supplement Review Form) whether the payment should be preserved, varied or withdrawn.

A recommendation will be put forward to the Executive Committee Staffing Sub-Group for formal consideration. Following the review the supplement will be retained, varied or withdrawn.

If the supplement is to be varied or withdrawn, the member of staff concerned will be given 3 months' notice in writing of the change. Reduction or withdrawal may be staged over a period of up to a further 9 months.

Payments will cease if the employee subsequently moves to an alternative role within the RNCM that does not attract a market supplement, or if the job is re-graded through the job evaluation and grading review process.

The market supplement payment will be subject to the following criteria:

- subject to the normal statutory deductions;
- pensionable;
- included in calculations for the purposes of other payments such as maternity/adoption, paternity and sick pay;
- paid pro rata for part-time staff.
- The percentage rate of pay award agreed as part of the JNCHEs Collective Negotiations will be applied to the allowance. Any increase to the allowance above the nationally agreed pay award will be considered as part of the renewal process.

Employees in receipt of such an allowance, who are not at the top of the scale, will continue to progress incrementally up the normal pay scale for the grade and receive any relevant cost of living award normally agreed annually.

A market supplement is a temporary payment, subject to regular review and will not be incorporated into basic salary at any time.

There is no right of appeal by the individual against a decision to remove or reduce a market supplement. However, a summary of the market intelligence will be shared with the individual to show how the review was conducted, the sources of information that were used during the review which contributed to the decision being made.

7. Monitoring

Data on all market/ recruitment / retention allowances (including lump sum payments) will be compiled and reviewed annually by the Human Resources Department for equality monitoring purposes.

Related policies

- Recruitment and Selection
- Equality and Diversity
- Job Evaluation Policy
- Reward and Recognition Policy

ROYAL NORTHERN COLLEGE OF MUSIC

POLICY APPROVAL/REVIEW PROCESS

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Approvals

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Name/Committee	Date	Version
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