

Market Premium Guidance - Recruitment, Retention, and Welcome Supplements

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Introduction

The University of Greenwich is committed to the principle of equal pay for work of equal value.

The People Directorate undertakes job evaluation, which involves the assessment of responsibilities and specialisations with reference to the HERA pay structure. London Weighting is also applied to compensate for higher regional living costs. In addition, the university strategy supports a positive employee value proposition, such as family friendly policies, work-life balance, opportunities for career growth, health and social benefits which support a wider offer for recognition. Using these guiding principles the university aims to be a good employer, and each budget holder has financial responsibility in recognising resources are finite, therefore, we make balanced decisions regarding pay with consideration to our income and other priorities, and ensure our compensation aligns with comparable Higher Education Institutions (HEIs).

On occasion grading for a job role may sometimes result in the inability to successfully recruit or retain employees required for business-critical/highly specialised needs. In such cases, the university will consider the application of a market premium for certain roles, as a supplement to the pay where:

- a) There is significant risk to a business-critical activity caused by the lack of staff with key skills in a specific role, because there is persistent and relevant competition for these skills, or there are high vacancies in the market, or there is a significant risk of vacancies developing quickly. In addition, there is evidence from national or regional pay-benchmarking, undertaken by the People Directorate, that a suitable candidate will not apply for a position as a result.
- b) The data from the relevant external market indicates a significant premium is needed to retain the individual required.
- c) Non-pay recruitment and retention initiatives are not sufficient to secure the key skills.

Aims

This guidance has been developed to ensure the university has a clearly defined approach to applying market premiums where a genuine business need arises. It follows the guidance set out in Appendix E of the National Framework Agreement Guidance for Use of Attraction and Retention Premia. It also complies with the legal requirement that employers have objective justification if they offer different rates of pay to staff whose work is of equal value.

Market premiums may be one-off or time-limited payments (on appointment or following a fixed period provided the employee remains in employment and is not under notice). Market premiums are paid in monthly instalments with salary and do not include an annual pay award increase. They are subject to tax and national insurance deductions.

Types of Market Premiums

A Recruitment Supplement is a temporary payment made to an individual to ensure their recruitment by enhancing the salary being offered, bringing their total reward package¹ in line with the market rate. These payments will be subject to review.

A Retention Supplement is a temporary payment made to an existing employee over and above their basic salary to retain their services, bringing their total reward package in line with the market rate. These payments will be subject to review.

A Welcome Supplement is a one-off payment made to an individual at the outset of their appointment, and maybe where an individual is accepting a role at a lower salary than their current salary. However, there is no data to support an ongoing market rate for retainment.

The value of the supplement will be determined by the difference between the top point of normal progression for the job as determined by the HERA evaluation, and the median market pay rate for the comparable role and will need to be approved by the Associate Director of People Operations or Deputy Director for People. The payment should not exceed 10% of the maximum point on the grade. Where an exception is required, the Vice-Chancellor and CEO, or a nominee (Chief Operating Officer, Chief Finance Officer, or Deputy Vice-Chancellor), together with the Executive Director of People, must review and approve the business case. When reviewing competitor pay rates, the total reward package will be taken into consideration as the benefit package being offered elsewhere may not be as generous as the one being offered by the university.

Principles

This guidance applies to all substantive staff. The Academic Framework supports the recognition and reward of academic expertise. Where there may be a requirement for further recognition for talent acquisition, the recruiting manager can discuss these premia with the People Directorate. Authorisation from the budget holder must be obtained before any premia can be offered.

The intention to pay a market premia should not be discussed with recipients until the proper authorisations have been obtained and added to the Horizon/Stonefish system by following the Procedure Map for determining and awarding market premiums.

Where a market premium is approved, it will apply to the appointment in a defined 'ring-fence' of similar roles.

Market premiums are not intended to be a substitute for the recruitment policy that deals with the incremental position on appointment or the university's grade evaluation process.

Payment of a recruitment supplement will not automatically result in a payment of a retention supplement. Likewise, a retention supplement will not automatically result in a payment of a recruitment supplement. Evidence of need must be submitted in line with the Procedure map, and neither shall be applied at the same time. The recruiting manager

¹ Pay, pension and other entitlements

and/or budget holder and the Associate Director for People Operations will agree the final decision.

The rationale for the payment of a premium must be recorded by the People Directorate.

Letters of appointment and variation letters will confirm the criteria for the market premium to comply with Equal Pay legislation; the university will ensure that the process of objective justification is followed in each case. In addition, the People Directorate will periodically carry out an equal pay audit of all salaries in the University.

Roles, Responsibilities and Procedure Map

Investigate recruitment and/or retention problem

- a) If the recruiting manager believes they have a recruitment or retention problem, they should discuss this with their budget holder and the People Directorate. A market premium will only be considered once other options of improving recruitment, retention or recognition have been exhausted by review of the total reward offer (e.g., pension, benefits, training bursary etc) and pay is shown to be the primary issue. If a clear rationale for a market premium is identified, the People Directorate will source the appropriate market data. Before a request for a market premium is made, the recruiting manager must establish (where applicable) that:
 - i. The recruitment process has been of a high quality, with no identifiable issues.
 - ii. Evidence suggests employee turnover is high.
 - iii. The normal reward package offered is uncompetitive in the current market to attract a critical role.

If, following this investigation, it is established that market pay is the key issue, the request for the initiation of a market premium will be shared with the People Directorate who will advise on the appropriate premia.

Gathering/analysing market data

Benchmark pay data will be gathered by the People Directorate and will be sourced from relevant and reliable sources. This may include a market benchmarking systems such as [HR Data Hub](#), the [IDR Pay Benchmarker](#), other roles within the institutions, as well as UCEA market data.

The People Directorate will then provide documentation identifying and analysing the relevant and appropriate market pay data. If the analysis confirms that the market rate for the post or a group of posts is significantly higher than the total reward package offered by the university, the report will include a proposal outlining the type of market premium and a recommended minimum and maximum amount of the supplement for consideration to the recruiting manager and/or budget holder. The documentation will also detail any potential impacts of implementation of a market premium, including whether other roles or current incumbents may also be affected.

Formal approval of a market premium

To formally implement a market premium, the budget holder must confirm acceptance of the proposal by responding to the report provided by the People Directorate. Where the

proposal involves a welcome premium, this may be confirmed to the applicant at this stage, but not before the report has been issued and approval obtained from the budget holder.

Implementation of the supplement

Where payment of a market premium has been approved, it will apply for a fixed period and will be subject to a formal review after 24 months to assess its relevance and effectiveness. The value of the market premium will typically be calculated as the difference between the top of the grade as determined by the HERA evaluation and the median pay at the market rate. It will not normally exceed 10% of the maximum point for the grade. For example, if a median salary of £70,000 is required to recruit to a Grade 9 business-critical role, the member of staff would be paid at the top of the grade range (Grade SG9, in August 2025 would be £67,468) with a market premium of £2,532.00 within the 10%.

Payment

Premiums will be equated to an annual cash amount, normally paid equally over 12 months through the normal salary system and will be identified separately from the base salary in documentation and records, including payslips. On appointment, an employee shall be placed on the appropriate scale point of the graded post (as identified through role analysis). The market premium will then be applied. The market premium payment will be subject to the following criteria:

- a) Will not be subject to increases under the annual inflationary pay award.
- b) Will be subject to the normal statutory deductions.
- c) Will be pensionable.
- d) Will be included in calculations for the purposes of other payments such as maternity/adoption, paternity, and sick pay.
- e) Will be paid pro rata for part-time staff.

Applying Premiums to Other Posts

Market premiums are paid in relation to specific posts, and where it is agreed that the payment of a market premium is appropriate to other comparable roles as identified by the People Directorate, the business area will be made aware of this.

All employees entitled to a market premium will be provided with a written statement detailing the amount of the supplement, its duration, and the review periods and that premia are discretionary and not contractual.

Withdrawing Supplement Payments

A market premium is a temporary payment that is subject to review and will not be added to the employee's basic salary.

If an employee receiving a market premium moves to another role within the university that does not offer this payment, the supplement will end on the date they start their new position.

If there is no longer an organisational need or market justification for the supplement (as outlined in the Monitoring and Review section below) the employee will receive written notice three months in advance that the payment will be discontinued.

There is no right of appeal by the individual against a decision to remove or reduce a market premium (although this does not affect any statutory rights). However, a summary of the market data (the report) can be requested to show how the review was conducted and how this decision impacts the individual's pay.

Monitoring

All market premiums will be monitored and reviewed by the People Directorate.

Where the market changes and the outcome of the review indicate there should be an increase in the supplement, this will be effective the month following the end of the review. If the review indicates a decrease is required as the individual's total reward package is sufficient, a notice period of three months from the review date will be given of the university's intention to reduce or withdraw the supplement.

Payments will cease if the employee is subsequently promoted to a job that does not attract a market premium or if the job is re-graded through the job evaluation process.

Guidance Review.

The university will monitor the application of market premiums as part of its equal pay review process. The university reserves the right to amend this guidance and to revise and withdraw market premiums to comply with equal pay standards.

Version No.	Purpose/Change	Author	Date
1.0	First Draft	Sadie May Rewards and Benefits Advisor	TBC

Market Premiums Roles, Responsibilities and Procedure Map

Role can be advertised during this process.

When a role is identified as hard to recruit role, the recruitment manager and budget holder provides an evidence base for proving the hard to recruit position.

Evidence base is reviewed by the Associate Director of People Operations or Deputy Director of People and may be forwarded to the Reward and Benefits Advisor. If payments exceed 10% the Vice-Chancellor and CEO, or a nominee (Chief Operating Officer, Chief Finance Officer, or Deputy Vice-Chancellor), together with the Executive Director of People, must review and approve the business case.

Reward and Benefits Advisor will source external benchmarks and any suggested market supplement.

Reward and Benefits Advisor will share the suggested market supplement and harmonisation timeline to the budget holder and recruiting manager to confirm.

The role will then be advertised. The people directorate and recruiting manager can revert to the agreed market supplement when starting salary negotiation begins.

Recruitment manager and people directorate will confirm the agreed reward offer.

Information will be included on an offer letter and added to Stonefish/Horizon with a review date.