

UNIVERSITY OF LEICESTER

Policy on Recruitment and Retention Allowances

Rationale

At present, the University's pay and grading structure, which is underpinned by Hay, aims to ensure equal pay for equal work for staff employed on Grades 1 to 9. However, in certain areas the University's pay and grading structure is unable to compete with the external labour market because the salary level determined by job evaluation is substantially lower than the rate of pay in the external market. Therefore, recruitment and retention allowances are being introduced to provide a mechanism to address immediate (and pressing) pay related recruitment and retention issues.

The legislation on equal pay (Equal Pay Act 1970) allows employers to pay different rates of pay for jobs of equal value as long as there is an objective justification for the difference in pay. Therefore, this policy is compliant with provisions within the law and the University's current pay and grading structure.

This policy is a specific intervention to enable the University to attract external applicants to particular posts within the University. However, it also builds in a mechanism to ensure that existing staff in the same posts are treated fairly in relation to new starters and can also be eligible for an allowance (as long as certain criteria are met).

Equal Opportunities

The University of Leicester aims to ensure that students and staff are treated solely on the basis of their merits, abilities and potential, regardless of sex, sexual orientation, gender re-assignment, race, ethnic or national origin, age (subject to University retirement conventions), socio-economic background, disability, religious or political beliefs, family circumstances and union membership.

The proposal to introduce interim recruitment and retention allowances is lawful under the Equal Pay Act (1970) where there is evidence to justify that market factors are the "material reason" for the post attracting a higher rate of pay than other posts graded similarly. Therefore the introduction of allowances would complement the current job evaluation scheme currently in operation and temporarily enhance reward mechanisms at the University of Leicester, in the short-term.

Objectives of the use of Recruitment and Retention Allowances

In conjunction with the Hay job evaluation scheme in place at the University of Leicester, the use of these allowances will:

- Enable the University to compete with the external labour market whilst an approach to market supplements is being formalised;
- Enable the University to recruit and retain the best staff;
- Comply with best practice and equal pay legislation, i.e. providing a means for objectively justifying the need to offer different rates of pay to staff whose work is of equal value; and
- Introduce a mechanism for removing such allowances when they are no longer market relevant.

Definition of Allowances

A recruitment allowance or retention allowance is non-contractual and paid in addition to the salary for a post (or a group of posts) 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. There are two separate allowances with separate criteria for eligibility. They are named as follows:

- 1) **Recruitment (Skills Shortage) Allowance**
(e.g. for a vacant post)

- 2) **Retention (Skills Shortage) Allowance**
(e.g. for a post occupied by an existing member of staff)

Why two allowances?

This will give management the flexibility to pay allowances to new recruits but also to pay an allowance in order to retain staff in existing posts, even when there isn't a live recruitment campaign or recruitment need in those departments.

Eligibility for Allowances

The allowances may be applied to any role currently covered by the Framework Agreement (i.e. Grades 1-9), regardless of contractual arrangements. Professorial (and equivalent) staff and those outwith the Framework Agreement will not be eligible for the allowances. In terms of specific eligibility for the allowances, they are as follows:

1) Recruitment (Skills Shortage) Allowance

EITHER:

- The department has evidence of at least 2 unsuccessful recruitment campaigns in the preceding 9 months for the same post.

OR:

- The department has evidence to support the fact that a recruitment campaign would not produce the quality or quantity of applications required to fill a vacant post and a recruitment campaign would unnecessarily delay the appointment to a vacant post because the external rate for the job is at least 10% higher in the external labour market than the highest salary point within the relevant grade in the University's pay and grading structure.

AND

- The department has independent, verifiable evidence of the external market rate for the job being higher than the pay in that particular grade (i.e. Job Adverts from at least 3 directly comparable external posts).

2) Retention (Skills Shortage) Allowance

- The department has evidence of staff in the relevant role leaving the University, or being approached for directly comparable jobs elsewhere, for a higher rate of pay.

AND

- The department has independent, verifiable evidence of the external market rate for the job being higher than the pay in that particular grade (i.e. Job Adverts from at least 3 directly comparable external posts).

General Principles

- In all cases, the job evaluation system currently in operation will be used to first determine an appropriate grade for the post within the University's existing pay and grading structure.
- Allowances will not be used to reward outstanding performance as the University rewards this separately through the arrangements for merit awards.

- Allowances should be paid by the employing department wherever possible. However, if there is a strong case to support an allowance but the department does not have the means to pay for it, a central source of funding may be requested.
- Further particulars of such posts must clearly state the following:
 - allowances are non-contractual;
 - allowances are a distinct and separate element of pay;
 - allowances are subject to conditions (listed below);
 - allowances can be reduced or removed in line with market conditions (listed below).

Conditions of Recruitment (Skills Shortage) Allowance

- Allowances are non-contractual.
- Allowances are not subject to annual cost of living increases.
- Allowances are a fixed amount (pro-rated and paid as an addition to salary on a monthly basis).
- Allowances are not pensionable (but 5% of the total allowance will be paid in addition on a monthly basis instead).
- Allowances are subject to Tax and NI.
- Allowances are pro-rated for part-time employees.
- Allowances are not included in calculations of sick pay, maternity pay, annual leave and redundancy pay.
- Allowances are paid subject to external market rates and will be reviewed on an annual basis.
- Allowances may be reduced or removed with 3 months notice.
- The decision to reduce or remove an allowance will be at the sole discretion of the University.
- The value of allowances will be at the sole discretion of the University, based on market information.
- If a post attracts a recruitment allowance and the post-holder leaves the University within two years of the start date of the allowance being paid, they will normally be required to reimburse the relevant proportion of the full amount paid to them (on a pro-rata basis).

Conditions of Retention (Skills Shortage) Allowance

- Allowances are non-contractual.
- Allowances are not subject to annual cost of living increases.
- Allowances are a fixed amount (pro-rated and paid as an addition to salary on a monthly basis).
- Allowances are not pensionable (but 5% of the total allowance will be paid in addition on a monthly basis instead).
- Allowances are subject to Tax and NI.
- All staff carrying out the same duties as a post with a recruitment skills shortage allowance will be eligible for a retention skills shortage allowance on the same terms and conditions, where the same factors apply.
- Allowances are pro-rated for part-time employees.
- Allowances are not included in calculations of sick pay, maternity pay, annual leave and redundancy pay.
- If an employee is awarded a retention allowance and leaves the University within two years of the allowance being paid, they will normally be required to reimburse the relevant proportion of the full amount paid to them (on a pro-rata basis).
- Allowances are paid subject to external market rates and will be reviewed annually.
- Allowances may be reduced or removed with 3 months notice.
- The decision to reduce or remove an allowance will be at the sole discretion of the University.
- In all cases of allowances for retention purposes, the staff member(s) must be fully performing all aspects of their roles to the complete satisfaction of the head of department. Allowances will not be payable to individuals with a live disciplinary warning on file.
- The value of allowances will be at the sole discretion of the University, based on market information.

Reducing or Removing Allowances

- Should labour market conditions change and market pay rates fall the entitlement to an allowance will cease and will be withdrawn with 3 months notice.
- The decision to reduce or remove an allowance will be at the sole discretion of the University.
- If a staff member chooses to leave a role which attracts an allowance and takes up a role in the University which does not attract an allowance, it will be removed from the start date of the new role.

Process

- Consideration of requests to pay allowances will be given on a case by case basis by the Chair of BRC (Chair's actions) or the Registrar.
- Heads of Departments are advised to contact their relevant HR Advisory team for advice in the first instance. The HR Advisory team will advise on:
 - a. whether there is sufficient evidence to justify an allowance;
 - b. whether there is sufficient evidence to withstand any challenges under Equal Pay legislation; and
 - c. the value of allowances and the conditions that apply.

Example calculation for interim allowances – taking additional pay (i.e. bonuses, etc) into account (where applicable):

a	Maximum of scale point for grade in question	£25,000
b	Less any recruitment or retention bonus (if applicable)	N/A
c	a minus b = c	£25,000
d	Upper quartile salary of relevant external market for comparable role as defined by objective salary data	£30,000
	Maximum market supplement = d – c	£5,000

- Heads of Departments will provide a written case justifying the need for an allowance, (including any relevant supporting information, if possible) to the relevant HR Advisory team, using the Skills Shortage Allowance Form (please see Appendix 1).
- The relevant HR Adviser will then work in partnership with Heads of Department to collate sufficient supporting documentation in order to defend an Equal pay claim.
- The relevant HR Adviser will present the case to the Chair of BRC (Chair's Actions) or the Registrar for approval.
- Upon approval, the HR Advisory team will inform Salaries and Wages and the Pensions Office and a copy will be filed.
- Where an allowance is being considered for an existing, or planned, group of staff the relevant trade union(s) shall be informed of the need and level of such an allowance.

Monitoring

The Equal Opportunities team (in conjunction with the HR Advisory team), will monitor the impact of Recruitment and Retention Allowances on an annual basis in terms of sex, ethnicity, disability and age to ensure there is no unfair allocation of supplements on these grounds. If evidence of under-representation is found as a result of monitoring, the HR and Equal Opportunities team will work with departments to analyse roles with a view to implementing strategies and initiatives which will attract under-represented groups to the occupations that are eligible for such allowances.

SKILLS SHORTAGE ALLOWANCE FORM

Name: (if applicable):	
Job Title:	
Department:	
Grade:	
Type of Contract: (open ended/fixed term)	
Expiry Date of Contract: (if applicable)	

What type of allowance is requested?	
<p>EITHER: Recruitment (Skills Shortage) Allowance (e.g. for a vacant post)</p>	<input type="checkbox"/>
<p>OR: Retention (Skills Shortage) Allowance (e.g. for a post occupied by an existing member of staff)</p>	<input type="checkbox"/>

What is the objective justification for an allowance?	
<p>EITHER: The department has evidence of at least 2 unsuccessful recruitment attempts in the preceding 9 months for the same post</p>	<input type="checkbox"/>
<p>OR: The department has evidence to support the fact that a recruitment campaign would not produce the quality or quantity of applications required to fill a vacant post and a recruitment campaign would unnecessarily delay the appointment to a vacant post because the external rate for the job is at least 10% higher in the external labour market than the highest salary point within the relevant grade in the University's pay and grading structure.</p>	<input type="checkbox"/>
<p>OR: The department has evidence of staff leaving the University, or being approached for directly comparable jobs elsewhere with a higher rate of pay</p>	<input type="checkbox"/>
<p>AND: The department has independent, verifiable evidence of the external market rate for the job being higher than the pay in that Grade (i.e. Job Adverts from at least 3 comparable external posts)</p>	<input type="checkbox"/>

Value of Allowance

a	Maximum of scale point for grade in question	£
b	Less any recruitment or retention bonus (if applicable)	£
c	a minus b = c	£
d	Upper quartile salary of relevant external market for comparable role as defined by objective salary data	£
	Maximum market supplement = d – c	£

PROPOSED ALLOWANCE REQUESTED: (rounded down to the nearest £ thousand)	£
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<p>Head of Department to provide:</p> <p>a) Written justification for paying an allowance in this case (including any relevant supporting information, if possible).</p> <p>Head of Department and HR Adviser to collate:</p> <p>b) Copies of the relevant documentation and evidence including:</p> <ul style="list-style-type: none"> – Proof or copies of previous adverts/ applicant list – original further particulars with closing date – objective evidence of market data (i.e. current job adverts) – Copy of University salary scale with relevant grade highlighted

Personnel Services:

Signed:	
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Name:	
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Date:	
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Chair of BRC or Registrar:

Signed:	
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Name:	
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Date:	
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APPROVAL

(Please put a tick or cross in the relevant box below)

Written case approved

Funding approval

PERSONNEL SERVICES TO FORWARD COPIES TO:

Head of Department
Finance Office
Salaries & Wages
Pensions Office
File