



University of
St Andrews

Market supplement policy

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Purpose	To address discrepancy between evaluated grade and market pay rates when there is a retention or recruitment issue.

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
1.4	Amending the expiry date only to coincide with policy review consultation dates.	Published	Lisa Stewart HR	25/07/2024

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1. Policy statement

- 1.1 The University of St Andrews is committed to the principles of equal pay for work of equal value, and uses the [HERA job evaluation scheme](#) to determine the relative value of all posts, in Grades 1 to 9, which are covered by the Framework Agreement.

2. Purpose

- 2.1 This policy is intended to provide guidance to line managers in the use of market supplements to address those occasions where the total reward package offered for particular posts may not be as competitive as those offered in the wider labour market, leading to recruitment and retention difficulties. In such cases where it is established that there is a clear business/organisational need, and this is supported by objective market data, the University will consider applying a market supplement to the normal reward package for the post.
- 2.2 Such payments will only be made in exceptional circumstances and the University will follow a clear and consistent procedure for the determination, implementation and review of any market supplements which ensures that:
- There is compliance with equal pay legislation.
 - A clear and demonstrable business need exists.
 - An objective assessment of appropriate evidence has been carried out which supports this approach.
 - All other methods, approaches and potential problems have been fully explored (including non-pay issues) before a market supplement is considered.
 - Supplementary payments will be subject to review on a regular basis.
 - The rationale for the use of a market supplement is recorded, and the pay data is included in equal pay audits.

3. Definition

- 3.1 Market supplements are temporary payments applied to an individual post (or group of posts) in addition to the standard salary established through the job evaluation process. They are paid when it has been demonstrated that the total reward package offered by the University is insufficient to attract, recruit and retain staff. The total reward package in this instance includes basic salary plus all other benefits (e.g. pension, annual leave) and will be used when making comparisons with the market.

4. Scope

- 4.1 This policy applies to all prospective and existing staff and relates to both internally and grant funded posts.
- 4.2 Where a market supplement payment has been agreed, it must be applied to all staff with a directly comparable role (i.e. where there are multiple post holders undertaking the same role within the same School/Unit).

5. Procedure

- 5.1 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.

5.2 Investigate recruitment and/or retention problems

5.2.1 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/Unit 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 (where appropriate) including using secondments, giving greater prominence to benefits, offering training and career development opportunities have proved ineffective.
- There is evidence to suggest that the normal reward package offered is uncompetitive in the current market.

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

5.3 Gathering/analysing market data

5.3.1 Market pay data must be gathered from a minimum of two relevant and reliable sources. HR will gather information from Incomes Data Research and the manager will source and provide other relevant market pay data.

5.3.2 If, following an analysis of the data, it is established that the market rate for the post is significantly higher than the total reward package being offered by the University, a formal request to implement a market supplement should be made.

5.4 Formal request for a market supplement

5.4.1 The Head of School/Unit should complete a [Market Supplement Application](#) and return it to the [Senior Role Analyst](#) in HR. This form will ask for information which shows that steps 5.2 and 5.3 of the procedure have been followed, and that there is evidence to support the use of a supplementary pay for recruitment/retention purposes.

5.4.2 The case will then be considered by the Director of Human Resources together with the appropriate member of the Principal's Office. The decision, which will be recorded and retained by Human Resources for auditing purposes, will then be communicated to the Head of School/Unit.

6. Value and duration of a market supplement

6.1 Where payment of a market supplement has been approved, it will be for a fixed period, normally two years, and, thereafter, will be subject to review every two years.

6.2 The value of the market supplement will typically be calculated from the difference between the standard University of St Andrews pay rate (including the value of the other benefits) and the median market rate but will not normally exceed 20% of the base salary.

6.3 Market supplements will be subject to National Insurance, PAYE income tax and occupational pension scheme deductions (where the employee is a member of a scheme). These payments will not be subject to cost of living increases. Market supplements will be taken into consideration in the calculation of all statutory and occupational pay entitlements such as sickness, family leave (maternity, paternity, adoption, etc.) overtime and redundancy.

7. Payment process

7.1 Supplements will be equated to an annual cash amount, normally paid equally over twelve months, and will be identified separately from the base salary in documentation and records, including payslips.

7.2 On appointment, an employee will be placed on the top non-discretionary point of the grade that the role has been evaluated and the market supplement will then be applied.

8. Applying a market supplement to other posts

8.1 Market supplements are paid in relation to specific posts and where it is agreed that the payment of a market supplement is appropriate, it will apply to all directly comparable posts as agreed by Human Resources, and defined in step 4.2 and will be paid pro-rata for part-time staff.

8.2 All employees entitled to a market supplement will be provided with a written statement detailing the amount of the supplement, its duration, and the review periods.

9. Withdrawing supplementary payment

9.1 Where an employee who is in receipt of a supplement moves to another role within the University that does not attract such a payment, the supplement will cease from the date they take up their new post.

9.2 Where there ceases to be an organisational need or market justification for a supplement (see [section 10](#)), the post holder/s will be given 3 months' written notice that the payment will be withdrawn.

10. Monitoring and review

10.1 Data on all market supplements will be reviewed annually via the Workforce Planning Group.

10.2 Individual market supplements will be formally reviewed every two years by the Senior Role Analyst, in conjunction with the Head of School/Unit. This will involve a further assessment of the market conditions and organisational requirements to determine (via a [Market Supplement Extension Form](#)) whether the payment should be preserved, varied or withdrawn. A recommendation will be put forward to the Director of Human Resources and the appropriate member of the Principal's Office for formal consideration.

- Where the outcome of the review is that the supplement is to be increased to reflect the current market conditions, this will take effect on the 1st of the month following the review date.

- Where the outcome of the review is that the supplement is to be reduced or withdrawn, the employee(s) concerned will be given three months written notice of the variation, after which time the reduction/withdrawal will take effect.
- Any continuation of the market supplement will be for a fixed time period, normally two years, and any further extension will be considered at the next review date.

11. Version control

11.1 This policy is non-contractual and can be amended at any time.

11.2 This document will be reviewed periodically in conjunction with the University's recognised Trade Unions. Any feedback on the policy content should be directed in the first instance to the [Recruitment team](#) or via the [HR Feedback Form](#).

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
1.0	Migration of the policy to the Governance Zone.	Published	Susan Gibson, Human Resources	24/06/2019
1.1	Change to expiry/review date	Published	Lisa Stewart HR	18/02/2020
1.2	Minor changes to wording	Published	Susan Gibson Senior Role Analyst	17/03/2021
1.3	Change to policy review date to allow Reward Specialist to review this policy upon appointment.	Published	Susan Gibson Senior Role Analyst	27/03/2024
1.4	Amending the expiry date only to coincide with policy review consultation dates.	Published	Lisa Stewart HR	25/07/2024