

Market Supplements Policy

If you would like this document in a different format (e.g., large print, braille) or need any assistance to access or understand the policy/procedure please contact peopleservices@abertay.ac.uk.

1. Policy Statement

Abertay University is committed to the principles of equal pay for work of equal value. However, there are situations in which the usual pay scale for a role is insufficient to attract applicants or retain existing employees due to a variety of market factors. In these cases, it may be necessary to pay a market supplement on top of the grade salary to ensure that posts can be filled, staff can be retained and that employees remain in post for a reasonable period.

Where there is evidence to support the case for a market supplement, the evidence will provide the material reason for a higher pay level than for other jobs in the same grade. In such circumstances, where there is a clear business need supported by objective market data, and other non-pay approaches have proved ineffective, the University will consider offering a market pay supplement in addition to the normal reward package for the post. Such payments will only be made in exceptional circumstances and will be kept under review.

2. Scope

This policy covers all prospective and existing employees up to and including Grade 9 on the University's pay framework.

3. Principles

In managing the use of this policy, the University will:

- ensure that it meets its obligations under equal pay legislation;
- allow market supplements to be considered only where a clear and demonstrable business need exists;
- ensure that other non-pay issues are fully explored and addressed before a market supplement payment is considered;
- permit market supplement payments where an objective assessment of appropriate evidence supports the proposed approach, and a rationale is recorded;
- review all market supplement payments on a regular basis, and vary or remove them where a specific business need has changed, or no longer exists; and
- monitor all payments made under this policy and ensure they are included in pay gap calculations.

4. Payment of the Supplement

Market Pay Supplements are additional to the normal salary for a specific post, or group of posts. They may be paid in circumstances where substantially higher pay rates offered by other employers (the market rate) prevent the University from being able to recruit or retain employees on the salary range for the grade of the job in the University's grade and pay structure. The total reward package (basic salary plus all other benefits e.g. pension, annual leave) will be considered when making comparisons.

Where supplements apply to posts, they will be for a specified fixed term, initially up to three years, and will be subject to regular review each year. The payment, a fixed cash amount, will be paid in addition to the employee's basic salary in order to bring their total salary up to the relevant rate. The appropriate level of supplement will be determined with reference to the difference between the University's pay rate (including the value of any allowances and other benefits) and the market rate, as determined by evidence from appropriate independent sources and taking into account the business need.

An employee will be placed on a spinal point within the range for the grade of the job. The market pay supplement will be paid as a separate amount.

Market pay supplements are paid in relation to specific posts. Therefore, where it is agreed that the payment of a market pay supplement is appropriate, it will apply to all identical posts and will be paid pro-rata for part-time staff.

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.

5. Procedure

A Market Pay Supplement will only be considered once other ways of improving recruitment and retention have been exhausted and market pay is shown to be the main issue. Where a difficulty in recruitment for, or retention in, a post, or a group of posts, is identified and there is evidence to suggest that pay is the primary issue, the Head of Division or Service Manager and/or Dean of School/Director of Service should consult People Services and develop a business case to support a proposal to offer a market pay supplement.

This business case should:

- provide the evidence to show that pay is the primary issue;
- provide details of other attempts to resolve the issue;
- provide market data showing the difference between the salaries offered and the external market rate; and
- present a proposal for the amount of supplement to be offered, and the appropriate review period.
- Provide information from People Services in relation to consistency with any other posts and/or market supplements and the wider cost implications across the University.

The Dean/Director and People Services should present the business case to the Executive Group for a decision.

Where a recommendation is approved, a market pay supplement will be agreed, taking the form of an ongoing cash payment in addition to salary for a specified period of time, initially up to three years.

5.1 Implementation

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

For posts being recruited, recruitment documentation and contracts of employment will identify the supplement as a distinct and separate element of pay, specifying its initial duration and the review periods that will apply.

Market pay supplements will be paid through the monthly payroll, but will be identified separately from the base salary in payslips and other documentation. Market pay supplements will be subject to National Insurance, PAYE income tax and occupational pension scheme deductions, where the employee is a member of a scheme. Market pay 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) and redundancy.

5.2 Formal Review of the Case

Business cases for Market pay supplements will be formally reviewed once a year by People Services in conjunction with the Head of Division/Service Manager and Dean/Director. If the proposal is to withdraw, decrease or extend without increasing the supplement, the basis of the review, the revised amount for the supplement (if different), and the rationale for that decision should be recorded by People Services. Any proposal to increase the supplement should be put to the Executive Group for decision.

Where the outcome of a review is that the supplement will be preserved at its current level or increased to reflect the current market conditions, this will take effect in the month following the review date.

Where the outcome of a review is that the supplement is to be reduced or withdrawn, that will take immediate effect for vacant posts. For staff receiving the supplement, to avoid any reduction in total salary, their salary (including the supplement) will be held at its current level and no pay increases will apply until the market supplement reaches the revised amount. The employee(s) concerned will be informed of the position in writing, and that this will take immediate effect. The position will continue to be reviewed annually to determine whether the market supplement should be reinstated, increased, or decreased further.

Any continuation of the supplement will be for a fixed time period, normally up to three years, and any further extension will be considered at the next review date.

6. Monitoring

Data on all market pay supplements will be reviewed by People Services for equality monitoring purposes. Market pay supplements will also be included in pay gap calculations.

Document Information

Author	People Services
Equality Impact Assessment	People Services
Approved by	University Court
Approval date(s)	14 June 2023
Review by	June 2024
Version	2023
Document Type	Policy, Procedure
Activity/Task	Policies & Procedures: Pay/Reward/Benefits
Keywords	Market pay, supplement, retention
Document Location	This document is available via the PS intranet pages. It should be noted that any printed copies are uncontrolled and cannot be guaranteed to constitute the current version of the policy.
Confidentiality	Available via the intranet
Source	V:\HR\6. Policy Procedures

Version Control Table

Version No.	Purpose / Changes	Author	Date
20230614	New	People Services	20230614