



Market Supplement POLICY

POLICY	MARKET SUPPLEMENT POLICY
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1. INTRODUCTION

- 1.1 A market supplement policy is required at Cherwell District (CDC) and South Northamptonshire (SNC) Councils as there can be exceptional circumstances and/or sudden changes in market forces deeming it necessary to pay a market supplement in addition to base salary in order to recruit or retain staff.
- 1.2 Market supplements may be agreed when it can be shown that the salary range attached to 'hard to fill' posts is significantly lower than those offered elsewhere and that this is having an adverse impact on the ability to recruit and retain suitably qualified, experience and skilled staff.
- 1.3 This document contains the agreed approach to be taken for the application and monitoring of market supplements within CDC and SNC.

2. POLICY STATEMENT

- 2.1 In order to ensure that the Councils maintain their commitment to equal pay, the application of a market supplement must be supported by evidence that the Councils have been unable to attract and retain staff. The inability to recruit or retain staff must be the 'material reason' why a post that is graded the same as other similar posts receives a supplement.

3. OBJECTIVES

- 3.1 The objective of this policy is to ensure that the councils remain competitive when recruiting into key roles.

4. LEGISLATION AND REGULATION

- 4.1 Market supplements are lawful under the Equality Act 2010 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 similarly graded.

5.PERFORMANCE STANDARDS AND PERFORMANCE INDICATORS

- 5.1 Compliance with and performance of this policy will be monitored by the policy owner, the Strategic HR Manager.

6.POLICY DETAIL – OPERATIONS AND IMPLEMENTATION

- 6.1 This document applies to all employees of CDC and SNC on permanent, temporary and fixed term contracts.
- 6.2 Any market supplement shall be objectively justifiable and will be applied according to the following principles:
- Market supplements will normally only be considered for posts identified as 'hard to fill'.
 - It cannot be assumed that simply because other employers offer higher salary levels than CDC and SNC we will necessarily follow suit.
 - It is important that employee expectations of market supplements are managed and before a market supplement is awarded, an employee must agree to and sign a **temporary** amendment to their contract of employment for no longer than two years.
 - If a market supplement is introduced to a particular post category, the market supplement should be applied to all posts that hold the same job title, with the same job description/person specification and grade to ensure equity and minimise risk of equal pay challenge.
 - The payment of a market supplement will be expressly identified in the

employee's contract of employment or confirmed by a letter of variation. The start date, review date and potential end date of the supplement will be clearly stated together with the annual amount payable and the monthly equivalent.

- Designated employees will be eligible for the market supplement (pro rata for part time workers) payable in monthly instalments.
- Market supplements form part of an employee's pay and will be pensionable. Any overtime payments will include the market worth element. Payments for sickness and holiday will include the market worth element.
- The payment will be expressly identified as a separate pay element and will be subject to the usual deductions for income tax, national insurance and pension.
- Market supplements receive a cost of living rise.
- Market supplements will be highlighted as part of an employee's salary when mortgage application references are being completed and total income calculations are being carried out.

6.3 The case for payment of a market supplement must be robust enough to resist the challenge of an equal pay claim. The following evidence must be provided before consideration will be given to applying a supplement:

- You will need to show why you cannot fill the post at the salary level determined by the Councils pay structure. You will need to give details of your recruitment methods, or clear pre-existing evidence that a campaign will not succeed, and give credible reasons why you are not able to employ a suitably qualified or experienced candidate or one who, with extra training, could do the job.
- Evidence of a poor response to adverts both in terms of quantity and quality of candidates (either from a new campaign, or pre-existing

evidence). NB: Human Resources may be asked to investigate the reason for the poor response as this may not be about salary levels – it could be due to other factors.

- The recruitment methods you use, including advertising, should be appropriate to the job and represent a genuine attempt to employ a suitably qualified or experienced person.
- You should have advertised the job in the most appropriate on-line media for reaching suitably qualified or experienced candidates. Advertising in Jobcentre Plus may be acceptable for certain occupations.
- Your job advertisement must include the skills, qualifications or experience needed. You should also include:
 - the main duties and responsibilities of the job;
 - the location of the job;
 - an indication of the salary or salary range and other components of the total reward package offered;
 - the closing date for applications

6.4 A market supplement will not be applied without the recruiting manager either attempting to fill the post through appropriate recruitment methods or clear pre-existing evidence that a campaign will not succeed being provided. If you have not met these conditions we may refuse an application for a market supplement and you may have to carry out another recruitment exercise before we reconsider the application.

MARKET DATA

- 6.5 Evidence collected by the recruiting manager, with appropriate support from Human Resources, that demonstrates more substantial remuneration packages are available for the specified post (or group of identical posts) within the appropriate local, regional and national marketplace.
- 6.6 At least three examples of comparable jobs, salaries, total package and summary of main duties will be required. Wherever possible, the job description and person specification of those comparable roles should be

provided. The recruiting manager will research this with support from Human Resources.

- 6.7 Salary benchmarking data should be provided from relevant salary surveys, recruitment media or professional organisations. Benchmarking salary information can also be obtained from Human Resources using a reputable independent pay/reward consultant which specialises in market rates analysis, to confirm (or otherwise) that pay is not sufficiently competitive to attract candidates of the calibre required and recommend an appropriate level of market supplement for the type of post taking into account national and regional pay considerations. Please be advised that there is likely to be a cost associated to obtaining this data.

QUANTIFICATION

- 6.8 A market supplement is expressed as a fixed cash sum allowance, payable monthly, and will be subject to annual cost of living pay awards. For part time staff, this will be calculated pro-rata to the hours worked.
- 6.9 Under no circumstances will the market supplement alter the grading of the post determined through the job evaluation process. The supplement only affects the total pay that the post attracts for the period it is applied. The allowance will be paid for an initial maximum period of two years and be reviewed annually.

PROCEDURE AND APPROVAL

- 6.10 The need for a market supplement can be proposed by the recruiting manager.
- 6.11 Step one
The recruiting manager will complete a market supplement request form.
- 6.12 Step two
The relevant Director in consultation with the Chief Finance Officer will consider the proposal and then decide the outcome of the proposal. Human Resources should be consulted to ensure consistency of approach.

6.13 Step three

Once agreed, the individual(s) concerned will be required to sign a contract variation letter.

LEVEL OF AWARD OF MARKET SUPPLEMENT

6.14 In determining the level of market supplement to be awarded, emphasis will be placed on the salaries of comparative jobs within comparable organisations and within the local geographical area.

REVIEW

6.15 If during the two-year period that the supplement is applied, the duties of the post are reviewed and the post is re-graded through the agreed job evaluation process, the application and level of any market factor supplement will be reviewed.

6.16 A review will also be carried out when an individual leaves a post that has attracted a market supplement, in order to assess the need to advertise the vacancy with a market supplement in the current labour market. Where such a review leads to a decision to withdraw the market supplement, this will apply with immediate effect to vacant post(s). Existing employees still in receipt of a market supplement will continue to be paid until the end of the agreed period and thereafter, it will be withdrawn.

6.17 Any employee in receipt of a market supplement will be informed six months before the end of the two year period that the payment is subject to review and that the payment may cease at that date subject to the outcome of the review. The review will be carried out and the employee informed of the outcome, three months before the end of the two-year period.

6.18 If a review results in a decision that the market supplement is no longer justified, it will be withdrawn. In these circumstances, individuals affected will be given three months' written notice that the market supplement is being withdrawn.

7.EQUALITY AND DIVERSITY

- 7.1 The number of employees receiving a supplement will be monitored according to gender, disability, age, ethnic origin, religion and sexual orientation to ensure that the manner in which the policy is applied does not lead to any discrimination.

8.CONULTATION

- 8.1 This policy has been consulted with and reviewed by Joint Employee Council, Unison, Joint Management Team between 19th May and 9th June 2017.

9.MONITORING AND REVIEW

- 9.1 The impact of the application of market supplements will be monitored by the Strategic HR Manager to evaluate their impact on the Councils' ability to recruit and retain employees.
- 9.2 The outcome of all requests to apply a market supplement will be monitored to ensure that the policy is applied consistently.
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Appendix A: MARKET SUPPLEMENT REQUEST FORM

MARKET SUPPLEMENT REQUEST FORM	
Employee (if applicable)	
Post title	
Pay grade	
Service area	
Please state relevant employing Council	<input type="checkbox"/> CDC <input type="checkbox"/> SNC
JUSTIFICATION FOR MARKET SUPPLEMENT	
To aid recruitment to a vacant post?	<input type="checkbox"/> Yes <input type="checkbox"/> No
To retain existing employee? (where there is a business risk)	<input type="checkbox"/> Yes <input type="checkbox"/> No
SUPPORTING EVIDENCE / RATIONALE	
Please provide evidence that objectively justifies the need to pay the market supplement. You should address the following considerations: -	
Is the post and/or service a statutory requirement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Please explain:	
How many post(s) are affected by the application of the market supplement?	
What are the risks if the market supplement is not granted i.e. evidence of operational problems caused by recruitment and retention issues, how long the post has been vacant and the impact on the service, etc.	
Are there difficulties in attracting or retaining high quality staff?	<input type="checkbox"/> Yes <input type="checkbox"/> No

RECOMMENDATION	
Recommended market supplement for year 1	£
Recommended market supplement for year 2	£
Source of funding / cost centre	
Date of proposed implementation	
Rationale for recommendation:	

APPROVALS		
I am signing to confirm the information in the form is correct and that there is budget provision agreed for this post.		
Name (recruiting manager)	Signature	Comments
	Date:	
Name (Director)	Signature	Comments
	Date:	
Name (Chief Finance Officer)	Signature	Comments
	Date:	