



*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# Market Supplement Policy

### Document Control and Overview

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24/06/2026	Human Resources	1.0	Added definition of Hard to fill. Further clarity regarding authorisation if market supplement extended.

### Document Approvals

This document has been approved by:

Approval	Date
Personnel Committee	24 June 2026

### Document Distribution

Name	Job Title
All employees of Cherwell District Council.	

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## **1. Introduction**

- 1.1 A market supplement policy is required at Cherwell District Council (CDC), 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, experienced and skilled staff.
- 1.3 This document contains the agreed approach to be taken for the application and monitoring of market supplements within CDC.
- 1.4 This policy applies to all employees of Cherwell District Council. It does not apply to staff retained on agency contracts or consultancy agreements, self-employed contractors, volunteers or interns. This policy will not apply to other third party or partner organisations where employees are not employed directly by the Council.
- 1.5 \* Definition of Hard to fill are roles are:
  - Vacancy remaining unfilled after 4 recruitment campaigns
  - Persistent skills shortages nationally/regionally
  - Specialist qualifications, professional registration, or experience required
  - High market demand / low supply evidenced through benchmarking

## **2. Policy statement**

- 2.1 In order to maintain the Council's commitment to equal pay, any decision to apply a market supplement must be supported by evidence of external labour-market conditions affecting the recruitment and/or retention of the role.
- 2.2 The existence of genuine recruitment or retention difficulties must be the 'material reason' why a post, that is graded the same as other comparable posts, attracts a market supplement.

## **3. Objectives**

- 3.1 The objective of this policy is to ensure that the council remains 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. Policy detail – operations and implementation

5.1 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, 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 market supplement must be approved by CLT and funded from existing budget unless otherwise agreed.
- The payment of a temporary 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 end date of the supplement will be clearly stated.
- 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 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.

5.2 The case for payment of a market supplement must be robust enough to resist the challenge of an equal pay claim. It would be expected that the majority of the following evidence can be provided before consideration will be given to applying a supplement:

- The recruiting manager will need to show why they cannot fill the post at the salary level determined by the Councils' pay structure. It will be necessary to detail the recruitment methods, and/or clear pre-existing evidence that a campaign will not/did not succeed, and credible reasons why it is not possible to employ a suitably qualified or experienced candidate or one who, with extra training, could do the job.
- Evidence is required 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.

5.3 A market supplement will not be applied without the recruiting manager either attempting to fill the post through appropriate recruitment methods or providing clear pre-existing evidence that a campaign will not succeed.

If these conditions have not been met, an application for a market supplement may be refused, and it may be necessary to carry out another recruitment exercise before reconsider the application.

## **6. Market data**

- 6.1 Evidence must be collected by the recruiting manager, with appropriate support from Human Resources, that demonstrates other organisations offering higher remuneration packages within the local, regional and national marketplace.
- 6.2 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.
- 6.3 Ideally, salary benchmarking data should be provided from relevant salary surveys, recruitment media or professional organisations. Benchmarking salary information can also be sought by Human Resources, to confirm (or otherwise) that the 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.

## **7. Quantification**

- 7.1 A market supplement is expressed as a fixed cash sum allowance, payable monthly. For part-time staff, this will be calculated pro-rata to the hours worked.
- 7.2 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 three years, however, an extension to this period may be considered.

- 7.3 A market supplement may be extended up to three times with supporting evidence. The same level of approval (CLT) as the initial award is required for all extensions. Only in exceptional circumstances will a Market Supplement be considered beyond three extensions.

## **8. Procedure and approval**

- 8.1 The need for a market supplement can be proposed by the recruiting manager. Approval for the implementation of a market supplement must be approved by CLT.

### **8.2 Step one**

- The recruiting manager will complete a market supplement request form (appendix A)

### **8.3 Step two**

The relevant Assistant Director will present the request to CLT for consideration and approval. The Assistant Director of Human Resources should be consulted to ensure consistency of approach.

### **8.4 Step three**

Once approved, the market supplement will be implemented with conditions documented in the employee's contract of employment.

## **9. Level of award of market supplement**

- 9.1 In determining the level of market supplement to be awarded, emphasis will be placed on the salaries of comparative jobs within comparable organisations with consideration of geographical area.

## **10. Review**

- 10.1 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 supplement will be reviewed.
- 10.2 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.

- 10.3 Any employee in receipt of a market supplement will ideally be informed three months before the end of the three-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 by the line manager (budget holder) and the employee informed of the outcome, two months before the end of the three-year period.
- 10.4 If the market supplement is going to be extended this will need be approved by CLT.
- 10.5 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 two months' written notice that the market supplement is being withdrawn.

## **11. Equality and diversity**

- 11.1 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.

## **12. Monitoring and review**

- 12.1 The impact of the application of market supplements will be monitored by the HR Manager to evaluate their impact on the Council ability to recruit and retain employees.
- 12.2 The outcome of all requests to apply a market supplement will be monitored to ensure that the policy is applied consistently.
- 12.3 The Council may review this document from time-to-time following consultation with UNISON and subject to agreement with the Personnel Committee may make changes to the content.

## **13. Relationship with Other HR Policies**

- 13.1 This policy forms part of the Council's wider Human Resources policies and should be applied in conjunction with related policies to ensure fairness, consistency, and compliance with legislative and organisational requirements.
- 13.2 In particular, this policy should be read alongside the following:  
Recruitment and Selection Policy  
Equality, Diversity and Inclusion Policy  
Organisational Change Policy  
Honorarium Policy

**Appendix A:  
MARKET SUPPLEMENT REQUEST FORM**

<b>MARKET SUPPLEMENT REQUEST FORM</b>	
Employee (if applicable)	
Post title	
Pay grade	
Service area	
<b>JUSTIFICATION FOR MARKET SUPPLEMENT</b>	
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
<b>SUPPORTING EVIDENCE / RATIONALE</b>	
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
<b>RECOMMENDATION</b>	
Recommended market supplement for year 1	£
Recommended market supplement for year 2	£

Source of funding / cost centre	
Date of proposed implementation	
Rationale for recommendation:	
Rationale for extension of market supplement (detail extension timeframe):	

<b>APPROVALS</b>		
<b>I am signing to confirm the information in the form is correct and that there is budget provision agreed for this post.</b>		
Name (recruiting manager)	Signature	Comments
	Date:	
Name (Assistant Director)	Signature	Comments
	Date:	
Name (Assistant Director of Finance on behalf of CLT)	Signature	Comments
	Date:	