

## Appendix 7



*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# Market Supplement Policy

## DOCUMENT CONTROL

<b>Organisation(s)</b>	Cherwell District Council (CDC)
<b>Policy title</b>	Market Supplement Policy
<b>Owner</b>	Human Resources
<b>Version</b>	1.0
<b>Date of implementation</b>	14 June 2023

## DOCUMENT APPROVALS

This document requires the following committee approvals:

<b>Committee</b>	<b>Date of meeting pending approval</b>
<b>CDC</b> Personnel Committee	13 June 2023

## DOCUMENT DISTRIBUTION

This document will be distributed to all employees of Cherwell District Council.

## DATE FOR REVIEW

No later than 12 June 2026 but sooner if impacted by legislative changes.

## REVISION HISTORY

<b>Version</b>	<b>Revision date</b>	<b>Summary of revision</b>

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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.

## **2. Policy statement**

- 2.1 In order to ensure that the council maintains its commitment to equal pay, the application of a market supplement must be supported by evidence that the council has 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**

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 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.

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:

- 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.
- You will need to provide 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 and/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

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 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.

## **6. Market data**

- 6.1 Evidence must be 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.
- 6.2 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 Salary benchmarking data should be provided from relevant salary surveys, recruitment media or professional organisations. Benchmarking salary information can also be sought by the Human Resources Team, 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, 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.
- 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 two years however, an extension to this period maybe considered.

## **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.
- 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 factor 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 be informed three 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.
- 10.4 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.

## **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.

**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:	

<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:	