



Market Supplement Policy

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1. Purpose

Peak District National Park Authority (“the Authority”) appreciates the need, in exceptional cases, for greater flexibility in remuneration packages where market conditions cause recruitment and / or retention difficulties. Market supplements are made in addition to salary and benefits for a specific individual post or a group of posts and are time limited. They can be considered for any post and may also be applied to temporary and fixed term appointments. This Policy sets out when such supplements may be paid and the Guidance Notes outlines the process by which these cases are considered and approved, and the conditions applied to them.

2. Scope and Aim of Policy

This Policy covers all prospective and existing employees of the Authority.

The Policy aims to ensure that the Authority is able to attract and retain highly skilled employees by offering competitive packages.

It aims to provide a fair and transparent system for considering payment of a market supplement where a recruitment and or retention problem has been identified, which relates to a lack of competitiveness between the remuneration levels within the Authority and the relevant labour market for the particular job role.

It aims to ensure that the Authority meets the requirements of equal pay legislation.

3. Legislation

It is lawful under the Equality Act 2010 to apply a market supplement to a role only where there is evidence to justify that market conditions are a 'material factor' for the post attracting a higher rate of pay than other posts graded similarly.

4. The Authority's Commitment

The Authority is committed to the principles of equal pay for work of equal value and operates two Job Evaluation schemes to measure the relative value of all jobs. These are the National Joint Scheme (NJS) for employees up to and including grade M and the Local Government Association Senior Managers' Job Evaluation Scheme for Chief Officers.

It is acknowledged that on occasion the total reward package determined by the Authority pay and grading structure may not be consistent with reward packages offered for comparable posts in the wider labour market, and this may lead to recruitment and retention difficulties.

In such circumstances where there is a clear business need supported by objective market data and other measures have proved ineffective, the Authority will consider offering a market supplement payment in addition to the normal reward package for the post.

It is the policy of the Authority to make such payments only in exceptional circumstances and to follow a clear and consistent framework for the determination of any market supplement payment which:

- Makes sure that the Authority meets its obligations under equal pay legislation and maintains the overall integrity of its pay and grading structure
- Allows market supplements to be considered only where a clear and demonstrable business need exists
- Makes sure that other non-pay issues are fully explored before a market supplement payment is considered
- Permits market supplements payments where an objective assessment of appropriate evidence supports this approach and a rationale is recorded
- Sets out the process by which cases can be considered and the conditions that will be applied
- Requires all market supplement payments to be reviewed on a regular basis and varied or removed where necessary
- Includes a process for all payments to be monitored and also makes sure that they are included in equal pay audits

5. Roles and Responsibilities

Heads of Service / Directors will: -

- Review recruitment activity in line with the Market Supplement procedure where posts within their department are proving difficult to fill
- Consider alternative ways of managing the recruitment and retention difficulties or assess whether services can be delivered in a different way.
- Gather the documentary evidence for justifying market supplements
- Assess the need to retain particular post holders on the basis of their essential skills and experience, the loss of which would have a detrimental impact on service delivery and the availability of these skills on a wider market basis
- Apply the provisions of this procedure fairly and consistently in line with current legislation, best practice and equal pay principles
- Liaise with HR when circumstances arise which may impact on payment of a Market Supplement
- Keep the payment of supplements under review and regularly update the documentary evidence

HR will:-

- Check for similar roles in other departments
- Check the grade for the role is appropriate by re-evaluation if necessary
- Conduct a review of salary survey data to establish where the role is paid in the market
- Where no useful data can be established, seek comparators in other relevant organisations
- Submit applications for the payment of market supplements to the Resource Management Meeting (RMM) for approval
- Review payments every two years to ensure payments are still appropriate
- Report the payments of market supplements to Senior Leadership Team on an annual basis
- Advise on particular recruitment and retention issues as appropriate, including the impact on other individuals / groups
- Advise on the appropriateness of any recruitment campaign or specific retention issues
- Monitor equality and produce annual gender pay reports
- Communicate levels of payment and adjustments to relevant employees

6. What is a Market Supplement?

A market supplement is an addition to salary and benefits for a specific individual post or group of posts. It is paid only in exceptional circumstances where higher rates offered by other employers (the market rate) prevent the Authority from being able to recruit or retain staff on the salary indicated for their role. The total reward package (basic salary plus all other benefits e.g. pension contributions, annual leave) will be considered when making comparisons.

Such payments apply to posts on a temporary basis only and will be subject to review. Where there ceases to be an organisational need or market justification for a supplement, the post holder(s) will be given notice that the payment will be withdrawn. No less than 3 months written notice will be given to withdraw the market supplement.

7. Calculation of Market Payment

The Authority will calculate the market supplement by subtracting the total reward applicable to a post from the comparable market pay. For the purposes of the policy and procedure total reward is the combination of financial and non-financial rewards appropriate to a post and is split into three component parts: -

- Basic pay established from the pay and grading structure
- Additional visible payments such as allowances, overtime and employer pension contributions
- Employee benefits such as sick pay, maternity leave, holidays, flexible working, work life balance arrangements and job security. This list is not exhaustive and there will be an element of judgment in assessing the value of other non-financial benefits.

Market supplements will be calculated as a fixed cash amount, the value of which will be reviewed every 2 years. This may result in the supplement being varied or withdrawn. The appropriate level of a supplement will be determined by calculating the difference between the Authority total reward pay rate (including the value of any allowances and benefits) and the market rate for similar posts as determined by evidence from appropriate sources.

8. Principles - Applying a Market Supplement

- a) Where significant difficulties are experienced in recruiting or retaining staff in a role, or there is evidence that this will be the case, the procedure can be used to assess whether a market supplement payment is justified for a role(s).
- b) A key requirement is that market supplements will only be considered once all other ways of improving recruitment and retention have been exhausted and market pay is evidenced to be the main issue.
- c) For recruitment purposes, payments made under the scheme will only apply to posts which have been advertised at least twice without a successful appointment.
- d) Where it is a new post, an exercise may be conducted prior to the request for approval to establish a new post.
- e) For retention purposes, payments made under the scheme will only be made where the Team Manager/Head of Service/ Director can demonstrate difficulties in replacing staff that will cause essential skills shortages that will prevent effective business operations.

- f) It is not designed to reward individual performance. .
- g) Any case for the payment of a market supplement must be properly justified, with supporting evidence of pay-related recruitment and retention difficulties against a range of indicators, e.g.:-
- Abnormally high turnover rate for the role
 - Number of responses to job advertisements
 - Qualitative assessment of applicants
 - Effective use of appraisal / exit interview feedback
 - Only be used after other recruitment initiatives have been explored/exhausted (e.g. innovative / targeted advertising, promoting the advantages of living and working in the Peak District, promoting non-pay benefits)
 - Only be used after other retention initiatives have been explored/exhausted (e.g. learning and development opportunities, promoting non-pay benefits)
 - Use is essential to maintain adequate staffing levels in order to ensure service delivery requirements are met
 - Exploration of the use of other measures, e.g. changes to organisational / working arrangements
 - Consideration of the impact on both cost implications and on other existing staff within the defined job group
- h) In addition to the criteria above, account should be taken of the wider employment context applicable to the occupational group and whether the payment of a Market Supplement will address the particular issues underlying the recruitment/retention difficulties, or whether alternative / additional actions are required. For example:-
- Are the difficulties an indicator of other issues of concern within the service / occupational group which can be more appropriately resolved by other management action and/or non-pay measures?
 - Is there a specific, regional or national shortage for which new / alternative training schemes would be a more appropriate solution?
 - Are there more appropriate ways of resourcing / delivering the service rather than through an in-house workforce?
- i) The level of the Market Supplement should be proportionate and assessment should include:
- Market-based salary comparisons with competing local or regional employers (public and / or private sector as appropriate) – ensuring that there is a valid comparison between the post concerned and the posts identified in other organisations, i.e. are they the same in terms of duties and responsibilities, or broadly similar in terms of the required knowledge, skills and responsibilities, and whether there are any differences in conditions of employment/ overall reward package

- j) The median remuneration level within the relevant local labour market survey should be used as the indicator of the market rate for the post.
- k) It is important to note that if salary information is not readily available there may be a cost to the Authority to source. A decision to proceed with this must be authorised by the Head of HR and the Director of Corporate Strategy & Development.
- l) The payment will be reviewed by HR at least every two years and if the market rate is comparable with the evaluated rate for the post the payment will cease with 3 months written notice. Where the market rate is not comparable with the evaluated rate for the post the payment of the Market Supplement will either be preserved or varied. Where a vacancy arises within 12 months of a review the market supplement will be applied to the recruitment process. When a vacancy occurs after 12 months, updated market data would be sought and adjusted in the advert as appropriate. On successful recruitment to the post, existing employees in receipt of related supplement would be given 3 months' notice on any change to the market supplement.
- m) The Market Supplement will cease with immediate effect if circumstances change including:-
 - Sick pay entitlement ends
 - Change of job
 - Change of grade
 - Commencement of a Specific Improvement Plan
 - Receipt of any Formal Warning
- n) Where pay protection following job evaluation is applicable an employee will either receive pay protection or a market supplement but not both. The higher level payment will apply.
- o) Fixed Rate payments where applicable will be based on the basic pay and not on the Market Supplement pay level e.g. shift enhancements
- p) There is no right of appeal regarding decisions taken to offer, refuse, vary or withdraw a market supplement (although this does not affect any statutory rights).

9. Related Policies and Procedures –

- Recruitment & Selection Procedure
- Equality Policy
- Market Supplement Application and Review Procedure
- Job Evaluation Process Guidance

10. Equality Monitoring and Policy Review

Data on all market supplement payments will be compiled and reviewed annually by HR for equal opportunities monitoring purposes. Supplements will also be included in any Equal Pay Audits that the Authority undertakes.

A quarterly report will be produced to monitor the Market Supplement payments made by each directorate and an annual report produced for Senior Leadership Team (SLT).

The policy will be reviewed at least once in every three years and more frequently if the need arises as a result of a change of regulation or legislation, misuse of the policy or changes in circumstances at the Authority.

The review will be carried out in accordance with the established procedures agreed and include engagement and consultation with all appropriate stakeholders.

The policy will be compliant with the requirements of the Equality Act 2010 to advance equality of opportunity and eliminate discrimination. The Authority's recruitment process will continue to be used to instigate positive action where applicable. All casework and intelligence gathered in respect of the market supplement posts and appointments will be analysed for its impact at least annually.

Market Supplement Procedure – Flow Chart

