



Guidance Notes

Market Supplement Application and Review Procedure

These Guidance Notes to be read in conjunction with the Market Supplement Policy.

Introduction

All new employees must be appointed to the appropriate point on the Authority's pay scale. This should be at the bottom of the evaluated grade for their job. This is to ensure that all employees can progress in their job. In exceptional circumstances, this pay may not be sufficient to recruit employees with the required skills and consideration needs to be given to the payment of a supplement.

A market supplement is an addition to salary for a specific post, or group of posts. It will be paid where a post(s) has been identified as 'hard to fill' and the Authority is prevented from being able to recruit or retain staff on the salary determined by the relevant job evaluation grading scheme.

Where a market supplement is agreed for a member of staff in a post, others within the post are also eligible for the same payment.

Payments will: -

- Only be used in exceptional circumstances
- Take account of any equal pay / equal value considerations, in order to avoid / minimise the potential for challenge on this point
- Be paid as a clearly identified supplement, with properly documented supporting reasons
- Be subject to regular monitoring and review and will be withdrawn when the market factor(s) no longer applies

Conditions: -

The market supplement will be:

- Paid in monthly instalments
- Subject to a biennial review, and may be withdrawn when the need for a market supplement no longer applies
- Paid at pro rata rate for part time staff in 'hard to fill posts'
- Paid in addition to the individuals normal salary but will be subject to the normal income deductions of tax and national insurance and pension contributions if applicable

- Based on research of the market rate for the job which will be conducted by HR
- Cessation or in some cases a reduction in their market supplement in the following circumstances: -
 - A period of long term absence (more than 4 weeks) except where sickness absence relates to disability
 - Change of job
 - Change of grade
- If the employee in post becomes subject to protection of earnings for any reason the market supplement payment will not be included in the protection arrangements
- Market supplements will be calculated as a fixed cash amount, the value of which will be reviewed every 2 years.
- Except as discussed with the employee, the market supplement payment will not be disclosed for mortgage or loan applications purposes, based on the fact that it is a temporary payment subject to review.

Approval Process

It is important to consider all possible options and issues which can contribute to recruitment and retention problems. Where it is anticipated that there could be potential difficulties in hiring or retaining a specific post, or group of posts, the appointing manager supported by the Director should discuss this matter with HR in the first instance.

The appointing manager should then complete the Application for Approval form at Appendix 1 and submit to their Director ensuring that they have gathered and can supply all the relevant documentary evidence including:-

- Number / range of vacancies
- The effect on services by not filling the post(s)
- The attempts to recruit to the post(s) (type of adverts, media used, frequency, timing etc.)
- Consideration of reorganising the work or delivering the services in a different way (e.g. in partnerships)
- Succession or longer term workforce planning initiatives to show how the recruitment and retention difficulties are being addressed e.g. trainee schemes, career grades
- Benchmarking pay data at local, regional or national level and public and private sector as appropriate
- How the market supplement will be kept under review

This application should be approved and signed by the appropriate Director and forwarded to the Head of HR and or Director of Corporate Strategy & Development for assessment.

The application will then be assessed and verified by the Head of HR and or Director of Corporate Strategy & Development before submitting to the Resource Management Meeting for final approval.

The costs of payments will be met by the employing department from within existing resources.

Payments will be made through payroll and will be subject to the appropriate statutory deductions. They will however be clearly identified as a separate payment from the substantive salary.

Review Process

Market supplement payments will be formally reviewed on a regular basis appropriate to the post using the same approval process (Appendix 1). A further assessment of the market conditions and organisational requirements will take place to determine whether the payment should be preserved, varied or withdrawn.

In the event of a review not taking place within the specified period, payment will be stopped.

Any continuation of the market supplement will be for a fixed period of time specified at the outset depending on the circumstances of the post, and any further extension will be considered during the review process.

Post holders will receive written confirmation of the outcome of the review.

MARKET SUPPLEMENT PROCEDURE

APPLICATION FOR APPROVAL FOR PAYMENT

1. POST DETAILS

Post Title	
New / Existing Post	
Post Number	
Number of Staff in Post	
Department	
Job Evaluation Grade/Pay Band/Job Family	
Salary	
Total Amount of Market Supplement Payment requested	
Period for which payment is sought (months/years)	
Is this an application for approval of a new market supplement or continuation of an existing one?	
Source of Funding	
Date of Application	

To be completed by the appointing manager, signed by the Head of Service and Director and forwarded to Head of HR and / or Director of Corporate Strategy & Development for submission to RMM

2. JUSTIFICATION FOR PAYMENT

The application for a Market Supplement must be fully supported and evidenced by completing the following: -

<p>1. Describe the job or group of jobs for which a payment is proposed, or already in existence. Include</p> <ul style="list-style-type: none"> ➤ Post title ➤ Brief outline of responsibilities (Attach job description, person spec and organisation chart)
<p>2. Please confirm that the evaluation of the post/s has been checked recently to ensure it is up to date and correct</p> <p>Confirmed (please tick)</p> <p>(NB: This check must be carried out prior to making an application for approval of payment)</p>

<p>3. What evidence is there of pay related recruitment and / or retention difficulties?</p> <ul style="list-style-type: none"> ➤ Number of times the post has been advertised – including dates of adverts ➤ Number of responses to job advertisements ➤ Assessment of the quantity of responses e.g. inadequate, satisfactory ➤ Assessment of the quality of responses e.g. below required standard, satisfactory ➤ Turnover rates in the particular occupational group ➤ Supporting data from exit interviews, staff surveys or other feedback ➤ Articles in professional bodies journals/websites, press etc re skill shortages and / or evidence from national surveys (LGA surveys, for example)
<p>4. What evidence is there that pay (and not some other factor) is causing the recruitment / retention problems being experienced?</p>
<p>5. Is the job recruited locally or nationally? Sector – Public, Private, Both?</p>
<p>6. What other recruitment / retention initiatives have been explored / exhausted? (e.g. changes in methods / types of advertising; changes to information for potential job applicants)</p>
<p>7. What other measures have you explored? e.g. changes to organisational / working arrangements such as development opportunities</p>
<p>8. How is the payment essential to maintaining adequate staffing levels to ensure service delivery requirements are met? (Include any legal implications and how long post/s have been vacant)</p>
<p>9. Has the impact the payment will have on other staff been considered and how do you intend to deal with this?</p>

10. Has the wider employment context and whether the payment of a market supplement will address the particular issues underlying the recruitment/retention difficulties been considered?

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 regional / 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?

11. Market Data – what appears to be the ‘going rate’ for the job?

- Obtained from advertisements, survey data / pay databases and direct from other local organisations – local/regional/national
- Posts must be matched in terms of duties and responsibilities, and the terms and conditions and total reward package
- Information should be provided for comparable posts in at least three relevant organisations (please provide copies)

12. What steps have been taken to address the issue of recruitment and retention longer term?

Any other Comments?

3. PAYMENT AMOUNT AND TYPE

How will this be paid?

Total Amount	£
Instalment Amount	
Frequency – quarterly, monthly	

4. SIGNATURES

a. APPOINTING MANAGER'S SIGNATURE

I agree that a market supplement is appropriate in this instance and that all other avenues as per the scheme have been explored appropriately.

Signature of Manager	
Date	
Post	

Once you have completed the Application Form and attached supporting evidence, pass it to your Head of Service and Director for approval and signature.

b. HEAD OF SERVICE / DIRECTOR'S SIGNATURE

I agree that a market supplement is appropriate in this instance and that all other avenues as per the scheme have been explored appropriately.

Signature of Head of Service	
Date	
Signature of Director	
Date	

Once you have completed this form and attached details as requested, pass it to the Head of HR and or Director of Corporate Strategy and Development for approval and signature.

c. HR AGREEMENT TO MARKET SUPPLEMENT

I agree that a market supplement is appropriate in this instance and that all other avenues as per the scheme have been explored appropriately.

Signature of Head of HR	
Date	
Verified by Director of Corporate Strategy & Development	
Date	

5. APPROVAL AT RESOURCE MANAGEMENT MEETING

Date of RMM	
Agreed	Yes / no
If no - reason	
Details of any amendment and the reason for that amendment	
Signed RMM Minute Number	

6. HR ADMINISTRATION

Date Manager informed of decision	
Effective date of payments (if applicable)	
Names of staff affected and date they are informed of decision including contractual conditions	
Review Date	

Note: At the review the whole procedure must be followed.