

10. MARKET SUPPLEMENT POLICY

1. Purpose of the report

The purpose of this report is to seek approval from the Authority to adopt the Market Supplement Policy set out in Appendix 1 and the Market Supplement Application and Review Procedure set out in Appendix 2 of this report.

Key Issues

- **An employer can increase the reward for a post to attract and retain people when there is a proven difficulty to recruit, but it creates a risk of an equal pay claim under the "equality of terms" provisions of the Equality Act 2010.**
- **Market supplements which are paid separately as an 'off spine' payment have the potential to compromise a pay and grading structure.**
- **The proposed policy and procedure reflects Standing Orders Part 7 Delegation to Officers B-2 (c) to authorise the payment of market supplements and recruitment incentives where there is proven recruitment difficulty in accordance with the agreed principles.**

2. Recommendations(s)

The Authority approves the Market Supplement Policy, set out in Appendix 1, and the Market Supplement Application and Review Procedure, set out in Appendix 2, to ensure fairness and transparency across the Authority and minimise potential equal pay claims.

How does this contribute to our policies and legal obligations?

3. With regard to ensuring equality in employment and compliance with the Equality Act 2010, the Authority endeavours to ensure that all employment actions and decisions affecting present and potential employees are made on fair objective grounds without personal prejudices or discrimination.
4. Equal pay is assured by the fair evaluation of posts through the Local Government Job Evaluation scheme developed through the Single Status Agreement in 2000. Further the Authority ensures that any related reward or recognition schemes are developed and applied without discrimination.

Background Information

5. In 2016 the National Joint Committee Job Evaluation Technical Working Group produced a Technical Note on the payment of market supplements. The note expands Part 4.9 (para. 25) guidance in the National Agreement on Pay and Conditions of Service (the 'Green' book) and recommends 'organisations should have a formal policy on the use of market supplements, if one is not already in place'. This recommendation was recently reinforced by the Local Government Association (LGA) workforce consultancy team who have been engaged to undertake a review of the Authority's approach to pay and reward.
6. The Technical Note also recommends organisations devise a standard application form for the payment of a market supplement for use by managers. This helps ensure that a consistent approach is taken in regard to the qualifying criteria for payment and the

supporting evidence that will be required for the approval of applications.

Proposals

7. An initial draft Market Supplement policy was provided by the LGA and has been revised following consultation with members of the Senior Leadership Team, Operational Leadership Team and the staff who are currently in receipt of a market supplement.
8. The Policy, set out in Appendix 1, outlines that a market supplement is awarded for 2 years or less. The current practice is for 3 years or less; the LGA recommends 12 months. The 2 year time period proposed in the policy aligns with the recent pay protection arrangements agreed with Unison moving from 3 to 2 years effective from April 2018.
9. The Policy, Appendix 1, outlines the Authority will calculate the market supplement by subtracting the total reward applicable to a post from the comparable market pay. The comparable market pay will be the median remuneration level within the relevant labour market survey. The current practice is that at a Resource Management Meeting a percentage rate of a given point in the range of 8-15% will be determined dependant on the market circumstances.

Are there any corporate implications members should be concerned about?

Financial:

10. Market supplements are temporary and subject to review. They should be considered in exceptional circumstances and only for a small number of posts when there is a need to increase the reward for a post to attract or retain people when there is proven difficulty to recruit and/or significant specialist skills shortages in the labour market.

Risk Management:

11. The payment of a market supplement is an equal pay claim risk. Introduction of the application and review form ensures that any indirect discrimination, for example where the practice is detrimental to a larger proportion of women than men, it can be objectively justified, that is, it will show that it is a proportionate means of meeting a legitimate aim.

Sustainability:

12. Market supplements are short term and subject to review.

Equality:

13. Any impact on equality by the Market Supplement Policy will be monitored annually by the HR service as part of the Gender Pay Gap Reporting Regulations.

14. Appendices

Appendix 1 - Market Supplement Policy

Appendix 2 - Market Supplement Application and Review Procedure

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