

DRAFT

MARKET SUPPLEMENT POLICY

SCOPE STATEMENT

This Policy applies to all employees of Bridgend County Borough Council except:

- Those employed under the Conditions of Service for School Teachers in England and Wales
- Those employed under the JNC Grade 19 and above.
- Those employed under Soulbury Terms and Conditions and Youth Terms and Conditions.

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1. Introduction

- 1.1 Market supplements are a way of tackling recruitment and/or retention issues by temporarily increasing the pay awarded to a post, without altering the determined job evaluation grade. There can be occasions, due to changing trends in the labour markets that the grade for a post, as determined by job evaluation, does not meet the “going rate” for a particular job or occupation. A shortage of people with particular skills – both locally and nationally – may drive up the going rate and create challenges in recruiting and retaining staff.
- 1.2 This market supplement policy is required as the council’s job evaluation scheme and grading structure do not take into account market factors such as market pay rates or fluctuating demand for skills in the market place. It is therefore occasionally necessary to pay a market supplement in addition to the base salary in order to recruit or retain staff. It should be noted however that a market supplement must be the absolute exception rather than the rule.
- 1.3 Market supplements will be made on the basis that they are objectively justified, e.g. where there are demonstrable recruitment and/or retention difficulties and it can be shown that these will be eradicated or mitigated against by the payment of this supplement.
- 1.4 Base salary is not the only factor which influences the council’s ability to recruit and retain employees. The remuneration package should be part of an overall total reward strategy and the need for market supplements should be considered in this context.

2. Principles

- 2.1 Any market supplement must be objectively justifiable and will be applied according to the following principles:
 - 2.1.1 The decision to pay a market supplement will only be taken when all other non-pay related measures to successfully recruit to a vacant post or retain employees in current posts have been reasonably explored and evidenced.
 - 2.1.2 The decision to pay a market supplement must be supported by a robust business case and approved in accordance with an authorisation process – see point 3.1.1.
 - 2.1.3 Prior to the completion of any application for a market supplement, the Head of Service must confirm that the job description/personal specification for the post is up-to-date. The Job Evaluation Team will

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also need to verify that an evaluation accompanies the current version of the job description. If the job description needs to be changed to reflect the present duties and responsibilities, then the changes will need to be evaluated in order to determine the appropriate grade for the post.

- 2.1.4 Market supplements will apply for 2 years and will be subject to review after 18 months. It is the responsibility of the Head of Service to ensure that it is reviewed after 18 months. Should evidence at that time not justify a market supplement continuing then the payment will cease at the original end date.
- 2.1.5 If a post attracting a market supplement is subsequently re-graded to a higher grade, the market supplement will be reviewed.
- 2.1.6 Market supplements will not be increased in line with annual pay awards.
- 2.1.7 The cost of market supplements will be met from service budgets will be included as part of the annual budget preparation process.
- 2.1.8 Where a market supplement is introduced for a specific post, it will apply to all existing post holders with the same Job Description.
- 2.1.9 Market supplements should be clearly indicated in job adverts
- 2.1.10 Information on market supplements will be reported to CMB on a quarterly basis.

3. Process to Pay a Market Supplement

3.1 There has to be clear justification for the need of a market supplement. The relevant Directorate / Service will be required to demonstrate:

- Difficulties in attracting and/or retaining staff; -
- High levels of business risk; -
- Relevant market data reflecting significant difference in levels of pay.

3.1.1 The business case will be provided by the Head of Service, which is then signed off by the CMB Member together with input from Finance and Human Resources.

3.1.2 The business case should cover the following:

- Evidence to show that pay is the primary issue;

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- Details of other attempts to resolve the issue;
- Market data showing the difference between the salaries offered and the external market rate.

3.1.3 Once the business case and application form has been completed it should be submitted to the Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy for approval or rejection. Should the application be made from Legal, HR & Regulatory Service then the application will be submitted to the Chief Executive, who will delegate to a member of Corporate Management Board (CMB). Trade Unions are also to be notified at this time.

3.1.4 The decision should then be communicated back to the CMB Member and if they are dissatisfied with the outcome then they can refer the matter to CMB for final decision – see Appeals section.

3.1.5 If an employee in receipt of a market supplement is promoted or appointed to another role which is not subject to a market supplement, the supplement will cease with effect from the date of their commencement in the new role.

3.1.6 The value of the supplement will be the difference between the maximum of the current grade range and the determined market rate. This may need to take into account any allowances that apply to BCBC and competitor employer posts.

3.2 Other pay arrangements include:

- The amount of any market supplement should be clearly identified as a separate payment and not incorporated in the basic grade/rate of pay for the post. It will not alter the grade of the post determined by the job evaluation process.
- Part-time employees will receive a payment pro-rata to their contractual hours.
- The payment will be subject to statutory deductions.
- Market supplements form part of an employee’s pay and will be pensionable.
- Market Supplement will not be included for enhanced payments, overtime, call out, etc.

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4. Reviewing the Market Supplement

- 4.1.1. All market supplements will be reviewed after 18 months. The purpose of the review is to establish whether there have been any changes in the labour market in respect of particular posts and skills sets.
- 4.1.2 The review will be undertaken by the appropriate Head of Service, along with colleagues in Finance and Human Resources as per the original application process, with approval from the CMB Member.
- 4.1.3 A review will take place if a post in receipt of a market supplement is re-graded as a result of a re-evaluation of changed duties.
- 4.1.4 A review will also take place when a post holder(s) leaves a post prior to the end of the formal review period, subject to all posts with the same job description being vacant.

5 Appeals

- 5.1.1 The corporate CMB Member who supports the market supplement application can request that CMB reviews the decision. The CMB Member will need to present why they feel the decision is inappropriate and provide supporting evidence.
- 5.1.2 Any appeal should be made to the Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy within 20 working days of receiving the outcome of the review. The appeal must be in writing and should include the reasons for dissatisfaction and supporting evidence and documents.

6 Policy Review

- 6.1 This policy will be periodically reviewed in line with procedures, in order that it remains appropriate to the Council's operation, is best practice and meets legal requirements.

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Market Supplement Application Form

Job Title	
Department	
Service	
Post Holders	
Current JD/PS to be attached	
Is the current JD/PS up to date?	
Business Case	
<p>Business Case should consider the relevance of the following points for the market supplement:</p> <p>Recruitment Summary</p> <ul style="list-style-type: none"> • Number of times the post has been advertised (including dates advertised) • Number of responses to each advertisement • Level of vacancies • Assessment of the quantity of responses • Assessment of the quality of responses • Turnover statistics for the post • Supporting data from exit interviews • Articles in professional bodies' journals / websites, press etc re skills shortages and / or evidence from national surveys <p>Other Options</p> <p>What evidence is there that pay (and not some other factor) is causing the recruitment/retention problems being experienced?</p> <p>What recruitment / retention initiatives have been tried / exhausted?</p> <p>Have alternatives to paying a market supplement been considered?</p> <p>Is filling the post</p> <ul style="list-style-type: none"> • Market Pay Rates • Supporting Information 	

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Market Supplement

- What appears to be the 'going rate' for the job?
- Is this the 'going rate' for the job locally, regionally, nationally or occupational labour market?
- What sources have been used to obtain this data?

Market Supplement Rate

Period for Payment (Max 2 Years):

Human Resource Input

Approved HR:

Finance Input

Approved Finance:

Approved Head of Service

Approved CMB Member

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