

Report of the Head of Organisational Development

Market Supplement Policy

1 Purpose of Report

- 1.1 To seek approval for the adoption of the revised Market Supplement Policy.

2 Executive Summary

It has been recognised that circumstances might arise where the application of the current policy would not be appropriate. A review has therefore been undertaken to address this.

3 Appendices

The revised Market Supplement Policy is attached as Appendix A.

4. Proposed Action:

- 4.1 The Committee is recommended to approve the adoption of the revised Market Supplement Policy attached as Appendix A to this report.**

5 Background

- 5.1 In October 2007 HR Consultants were engaged to undertake an independent review of the Council's current pay, grading and benefits arrangements with a view to recommending practical solutions to the recruitment and retention difficulties being experienced.
- 5.2 On 29 January 2008 the Resources Committee received a report (Pay, Grading and Remuneration Review) outlining the findings of the independent review and resolved to introduce a Market Supplement Scheme to address issues of recruitment and retention.

6 Discussion

- 6.1 The Policy approved in January 2008 was first used in September 2008. In use, it became clear that further clarity was needed. In 2009 discussions began with UNISON and the Joint Consultative Committee (JCC) to agree revised wording.
- 6.2 The main changes proposed are:
- (a) The use of the word "will" instead of "should" throughout to provide clarity;
 - (b) Paragraph 2.1: deletion of the phrase "However, the Council may, in exceptional circumstances, agree payment of a market supplement which includes incremental progression within a defined grade range, where the particular needs of the specific job group/service warrant such an arrangement": to determine market supplements annually, taking account of the current job market;
 - (c) The addition of the words "If the Management Team consider that, despite not meeting the criteria, a market supplement should be applied, a report will be submitted to Resources Committee seeking approval to pay the supplement. JCC and UNISON will be given the chance to comment on such a report and their comments will be reported to the Committee".

7 Legal Powers

- 7.1 Section 112 of the Local Government Act 1972.

8 Financial and Value For Money Implications

- 8.1 Applications for supplements must show that budgetary provision is available from within a service budget, with any virements to fund the supplement being approved in accordance with the Council's Financial Regulations. As such the additional cost will have a nil impact on a service. Where this is not deemed possible, and evidence to prove this is agreed by the Corporate Management Team, it will be for CMT to identify where budget provision will be found before any decision is taken.

9 Risk Analysis

This table needs to be completed for any report setting out a proposed course of action that entails risks at the outset of the project or if the risks change along the way.

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Receipt of Equal Pay Claims	Financial and time to defend. Could lead to other claims being received. Poor morale. Poor image of the Council.	High	Approve the proposed amendments to the Policy to clarify objective factors for a market supplement. Further monitoring.

10 Implications for Resources

- 10.1 Comparison of the Council's existing pay scales with those of other local authorities has identified anomalies in some professions which, in the past, has resulted in concerns about retention of experienced officers. This Policy attempts to address this concern whilst ensuring that a clear objective reason for departing from agreed pay bands is established so as to avoid Equal Pay claims.

11 Implications for Stronger and Safer Communities

- 11.1 None.

12 Implications for Equalities

- 12.1 An initial screening will be completed before this policy is implemented and a full impact assessment conducted if necessary. Rather than an ad hoc approach to market supplements, this policy will help ensure that employees are paid on a fair and objective basis.

13 Author and Contact Officer

Bridget Lawrence, Head of Organisational Development

14 Consultees

Corporate Directors (Community and Resources)
Financial Services
Joint Consultative Committee and UNISON

15 Background Papers

Background papers to this report are held in HR and include:
Reports and research relevant to this topic
Minutes of meetings with JCC/UNISON



MARKET SUPPLEMENT POLICY

1. What the Council has agreed

1.1 Market supplements will be capable of objective justification, have a clear evidence base and only be paid when specific criteria are met.

1.2 Market supplements will be:

- supported by a properly documented rationale;
- paid as a clearly identified and separate supplement to base pay;
- temporary and removable, i.e. subject to regular monitoring and review within a defined timescale in the light of changing conditions in the relevant comparator market. Any market supplement approved will not apply for more than one year without undergoing review;
- made on a case by case basis for each job type;
- used only after other initiatives and measures have been explored (see 1.5 below).

1.3 Any application for the payment of a market supplement must be supported by a clearly documented rationale in accordance with all of the following criteria:

1.3.1 there must be clear evidence of **pay-related recruitment and/or retention difficulties** by reference to one or more of the following indicators, as applicable:

- turnover rates in the specific job group;
- responses to job advertisements;
- qualitative assessment of job applicants;
- vacancy levels over the past year;

1.3.2 there must be clear evidence of the **impact on service delivery** as a result of a failure to recruit/retain the appropriate level and quality of employee;

1.3.3 there must be clear evidence that the Council's pay rates for the defined post or group of posts fall below the required level in relation to the comparator market salary range. The "required level" will be determined by the Corporate Management Team by reference to the needs of the specific job group/service and relevant comparator market data. In submitting a request managers must be careful to ensure that comparators used are as far as possible on a like for like basis. (Comparators used will be from a geographical area which is within a reasonable commutable distance from Wellingborough, be from a similar size organisation and the role will have a similar scope/range of duties.)

- 1.3.4 there must be clear evidence that all of the initiatives/measures outlined in 1.5 below have been thoroughly investigated and seriously considered as an alternative to a market supplement.

A market supplement will be appropriate only where evidence is provided to indicate that **all four** of these criteria are met.

1.4 The job type for which payment is proposed must be clearly defined and consideration must be given to the potential impact on any other existing employee within the defined job group. Where a supplement is agreed for a specific job type, any existing post holders in the same job(s), not already in receipt of a supplement, will also be entitled to the payment.

1.5 Market supplements will normally only be used after:

- other recruitment initiatives have been explored/exhausted, e.g. innovative/targeted advertising, promoting the whole employment package/non-pay benefits;
- other measures to maintain service delivery have been explored, e.g. changes to organisational/working arrangements, role redesign.

Evidence must be provided of these, or similar, actions and their outcomes.

1.6 In considering the potential for payment of a market supplement, Corporate Management Team must also take account of the wider employment context applicable to the particular occupational group, to be confident that the proposed payment will address the underlying recruitment/retention difficulties or whether alternative/additional actions are required. For example:

- are the difficulties an indicator of other issues of concern within the defined job group which are more appropriately resolved through management action and/or non-pay measures?
- are the difficulties the result of a wider regional/national shortage in the particular workforce group which are more appropriately addressed through new/alternative training programmes/career pathways?
- are there other ways of providing the service other than through an in-house workforce?

2. Amount of Supplement

2.1 The amount of the supplement will be assessed by reference to the comparator market range and the equivalent grade range within the Council. This will be paid as a fixed amount, additional to the substantive salary, and will not be subject to incremental progression. The supplement payable will be linked to a spinal column point and will be for a maximum of seven spinal column points.

3. Application and Approval

3.1 Any case for payment of a market supplement must be submitted to Human Resources by the relevant Corporate Director on the application form. Human Resources will be responsible, after consultation with Financial Services, for submitting any requests for market supplements to the Corporate Management Team with an appropriate recommendation as to whether the

proposal meets all the criteria of this policy and the amount, if any, that should be paid. Details of any current market supplements being paid within the Council will also be provided.

- 3.2 Human Resources, together with the Corporate Management Team, will determine whether a market supplement will be applied and the level of any such market supplement payment. A report on the agreement of any supplements will be submitted to the Resources Committee once a new market supplement is agreed or a current market supplement extended.
- 3.3 If the Management Team consider that, despite not meeting all of the criteria, a market supplement should be applied, a report will be submitted to the Resources Committee seeking approval to pay the supplement. JCC employee representatives and UNISON will be given the chance to comment on such a report, and their comments will be reported to the Committee.
- 3.4 Budgetary provision must be made before any market supplement can be approved, taking into account the need to limit the Council's expenditure to essential items
- 3.5 Payments will be made through payroll as a clearly identified separate payment in addition to the substantive salary and will be subject to the relevant statutory deductions.
- 3.6 The supplement will be authorised for a defined time period only (to be no longer than one year), at the end of which it will cease to be paid unless otherwise agreed. Prior to the end of this period a review will be undertaken by Corporate Management Team against the above criteria to determine whether continued payment of a supplement is still justified, if a further application is received from the affected postholders. A cost-of-living uplift may be applied to the supplement at the time of any renewal but the overall level of the market supplement may be reduced to take account of comparator market conditions.
- 3.7 The employee(s) will be formally notified in writing by Human Resources of the decision regarding payment of the market supplement and the conditions attached to it.
- 3.8 The employee will be formally notified in writing of the termination of the market supplement.
- 3.9 Employee representatives/trade unions will be informed when the payment of any supplement has been agreed or extended and details of all other current market supplements will be provided at that time for information. Copies of the application and supporting papers for any supplement submission will be made available to Employee representatives upon request.

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Edition: May 2010

