
Market Supplement Procedure

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1. Purpose

- 1.1. The Council recognises there may be exceptional circumstances from time to time when, for particular jobs, acceptable recruitment and/or retention levels cannot be maintained to meet service need. In such circumstances, a separate element of pay, known as a 'market supplement', may be paid in addition to the evaluated rate of pay for a job.
- 1.2. The purpose of this procedure is to detail the process for applying market supplements to jobs in West Berkshire Council.

2. Applicability

- 2.1. This procedure applies to all employees of West Berkshire Council, with the exception of school-based employees.

3. Roles & Responsibilities

- 3.1. The Chief Executive has overall responsibility for ensuring that market supplements are managed appropriately in accordance with this agreed procedure.
- 3.2. Heads of Service are responsible for:
 - 3.2.1. making the case for applying new market supplements
 - 3.2.2. participating in the review of existing market supplements
 - 3.2.3. identifying funding for new market supplements and, where necessary, seeking approval for additional funding through the Council's budget bid process
 - 3.2.4. ensuring that the portfolio holder (Executive Member) and the relevant trade union(s) are consulted over the application of any new market supplement
- 3.3. The Head of Human Resources is responsible for:
 - 3.3.1. approving the case for new market supplements, in consultation with the relevant Head of Service and Corporate Director.
 - 3.3.2. overseeing the biennial review of all market supplements
- 3.4. Human Resources are responsible for:
 - 3.4.1. ensuring details of market supplements are included in employment

contracts, where appropriate, with a specified end date.

3.4.2. assisting Heads of Service in determining the appropriate level for new market supplements, by providing market pay data relevant to the post.

3.4.3. undertaking regular reviews of existing market supplements.

3.5. Group Accountants are responsible for:

3.5.1. confirming that costs for new market supplements can be met from savings within the service budget or from an approved funding bid.

4. Introduction

4.1. West Berkshire Council operates a job evaluation scheme based on the Local Government version of the Hay scheme. All new jobs, or changed jobs, are evaluated and the pay grade is determined through the agreed job evaluation procedure.

4.2. The job evaluation scheme is based on ranking jobs within the Council against each other and does not take into account fluctuations in the labour market and current market salary rates for different types of jobs.

4.3. The payment of market supplements over and above basic pay is legitimate in circumstances where an employer needs to offer a higher pay level in order to attract or retain staff.

5. Principles

5.1. The Council will pay market supplements in exceptional circumstances, where it is considered essential to maintaining adequate service provision and there is no other reasonable way of achieving the organisational aim.

5.2. Market Supplements may be paid in order to attract staff (recruitment) or in order to retain staff (retention), but only in circumstances where it can be demonstrated the current salary is below the market rate.

5.3. Market supplements will only be paid where a case for payment is properly justified, with supporting evidence (*see section 6 – Procedure for Implementing New Market Supplements*).

5.4. The market supplement must be paid as a clearly identified supplement to the evaluated salary for a fixed period until the next review.

5.5. Where a market supplement becomes payable, the market supplement will also

be payable to any other postholder with an **exactly** comparable job (i.e. the postholder is working to the same WBC job description). Where similar posts exist (i.e. the job description is similar, but not identical), the market supplement procedure must be applied separately.

- 5.6. The market supplement will be paid on a pro rata basis for part time staff, according to the number of hours worked.
- 5.7. Market supplements will be reviewed every two years. Employees will be notified of any proposed changes to the level of market supplement at least 3 months before the change will take effect. *(See Section 7 for further details)*
- 5.8. Market supplements will be pensionable and will not be affected by incremental increases or annual pay awards. *(see Section 7 – Review of Existing Market Supplements).*
- 5.9. Any change to the market supplement will be implemented only as a result of a biennial review, supported by appropriate evidence. As a result of the review, the supplement will either be maintained at the existing level, or increased, reduced or withdrawn *(see section 7 – Review of Existing Market Supplements).*
- 5.10. Where a post has been approved to attract a market supplement, this must be recorded in the contract of employment. The contract of employment must include;
 - the normal salary ceiling;
 - the amount of market supplement;
 - the reason for the supplement; and
 - the fact that the supplement will be reviewed on a biennial basis, with the supplement increased, reduced or withdrawn where evidence supports this.

6. Funding Market Supplements

- 6.1 New Market Supplements can only be approved where funding is available from either:
 - A vacant post that is being deleted or amended to generate savings, e.g. reduced hours or grade; or
 - A bid for additional funding for the relevant salary budget. All such bids must be approved by the Chief Executive and Leader of the Council.

7. Procedure for Implementing New Market Supplements

- 7.1. The Head of Service must first determine that a market supplement may be required in principle, and then make the case for applying a new market supplement. The case must be agreed by the relevant Corporate Director and the Head of Human Resources.
- 7.2. Before submitting the case for approval, the recruiting manager should discuss the potential for applying a Market Supplement with Human Resources, who will advise on obtaining supporting information and calculating the amount of the payment.
- 7.3. The case for payment must be objectively justified and contain evidence of the following (where appropriate to the case):
 - 7.3.1. consideration has been given to redesigning the job/team to provide the work in another way;
 - 7.3.2. it is uneconomical and/or impractical to engage agency workers/contractors to undertake the work;
 - 7.3.3. the post is essential to maintaining adequate levels of service;
 - 7.3.4. turnover rates and evidence from exit interviews;
 - 7.3.5. number and quality of responses to job advertisements (*where a market supplement is proposed as an aid to recruitment, the line manager must have attempted to recruit to the post.*);
 - 7.3.6. comparison with other jobs in the locality with a similar range of responsibilities (see 7.4 below);
 - 7.3.7. Where applicable, evidence that an identical role within a partner organisation is paid at a higher rate (this might apply to WBC posts in multidisciplinary teams);
 - 7.3.8. recommendation of appropriate value for the market supplement (see 7.5 below). The market supplement should be expressed as a fixed lump sum, not an incremental spinal column point.
 - 7.3.9. the availability of funding for the market supplement(s). In the case of identical posts, or where there is more than one postholder in a post (e.g. job share partners), the market supplement must apply to all postholders (on a pro-rata basis where the postholders are part time). The Head of Service should consult the Group Accountant to establish how the funding may be obtained (*See Section 6 – Funding Market Supplements*)
- 7.4. Evidence for comparator jobs may be obtained from pay and benefits surveys (Human Resources may be able to provide relevant surveys) or through

research of like posts in the local market (e.g. through researching local job adverts or through contacting local employers). Comparisons must not be made on job title/salary/advert alone. A job description and person specification must be obtained to ensure the comparator job is similar in terms of scope, management span, location in the organisation, responsibilities, budgetary responsibilities etc.

- 7.5. The market supplement value will normally be based on the median maximum salary for a range of comparator jobs, though this may vary according to the availability of data. The market supplement figure should represent the difference between the maximum salary on the evaluated grade for the post and the median comparator salary. The figure will normally be rounded to the nearest £250. HR advice must be sought on this.
- 7.6. Where comparisons are being made with non-local authority employers, the 'total reward package' should be taken into account. Salary and commission plus non-salary benefits, such as pension schemes and free health insurance etc, make up the total reward package. The median salary to be taken into account should be adjusted if necessary to reflect the comparison. HR advice should be sought in these circumstances.
- 7.7. The Head of Service should complete the proforma at appendix 1 ('Recommendation for New Market Supplement'). The form must include the names of all employees to whom the market supplement will apply, including those in *exactly* comparable jobs. This must be countersigned by the relevant Corporate Director and the Group Accountant, and forwarded to the Head of Human Resources for agreement.
- 7.8. The Head of Service or his/her designate should consult the relevant trade unions on the application of a new market supplement.
- 7.9. The Head of Human Resources will consider the recommendation and, after seeking further information as necessary, make a decision.
- 7.10. Where a Market Supplement is agreed Human Resources will advise payroll and amend employment contracts accordingly.
- 7.11. Where the Head of Human Resources does not agree with the request, he/she will refer back to the Corporate Director and Head of Service for further discussion.

8. Review of Existing Market Supplements

- 8.1. Every September, Human Resources will identify posts which, by 1st April the following year, will have been in receipt of a market supplement for a minimum of two years. Human Resources will advise the relevant postholders in writing

that a review will be undertaken and will undertake the review, in consultation with relevant Heads of Service.

- 8.2. The review will use up-to-date pay and benefits surveys (e.g. South East Employers Annual Regional Pay and Benefits survey, pay surveys from Hay Group, specialist pay surveys from industry/professional bodies). Where such surveys do not cover the full range of posts to be reviewed, it may be appropriate to commission bespoke pay surveys from South East Employers.
- 8.3. The Head of Human Resources has discretion to determine whether a bespoke pay survey should be commissioned and the cost of the survey will be met by Human Resources. Such a survey will only be purchased for the purpose of an annual Council-wide review and not to demonstrate the case for applying a new market supplement.
- 8.4. As an alternative to a bespoke pay survey, it may be appropriate to research locally advertised jobs or contact other local organisations. Human Resources will undertake this work. No comparisons will be made on job title/salary/advert alone – job descriptions and person specifications must be obtained to ensure the roles are comparable.
- 8.5. Market Supplements will normally be calculated by identifying the median of the sample used.
- 8.6. Human Resources will consult with the relevant Heads of Service and Corporate Directors on the findings of the review and will confirm the outcome in writing to each employee by the end of December.
- 8.7. Where the review results in either an increase or decrease in (or cessation of) market supplement, this will be effective from the following 1st April. The employee has no right of appeal.
- 8.8. Any increase in payment will be funded from the salary budget of the relevant Head of Service.

Recommendation for New Market Supplement	
<p><i>To be completed by the Head of Service, counter-signed by the relevant Corporate Director, and forwarded to the Head of Human Resources.</i></p> <p><i>Note that the relevant trade union(s) and the portfolio holder should be consulted before submitting the form.</i></p>	
Title, grade and service area of post for which payment is proposed	
Job Title	
Grade	
Service Area	
Justification for New Market Supplement Payment	
<p>Is this recommendation for a new market supplement : <i>(tick as appropriate)</i></p> <p>to aid recruitment to a vacant post? <input type="checkbox"/></p> <p style="padding-left: 40px;">or</p> <p>to retain existing staff? <input type="checkbox"/></p>	
<p>Please provide evidence that consideration has been given to redesigning the job or providing the work in another way.</p>	
<p>Please provide evidence that it is uneconomical and/or impractical to engage agency workers/contractors to undertake the work</p>	

Please provide evidence to support the case the post is essential to maintaining adequate levels of service.	
Please provide turnover rates and evidence from exit interviews, where available.	
Please provide details of number and quality of responses to job advertisements (<i>where recommendation for market supplement is as an aid to recruitment</i>);	
Please provide evidence of comparisons with other jobs in the locality with a similar range of responsibilities and, where applicable, comparisons with identical roles in a partnership organisation (<i>attach additional information where appropriate</i>);	
Recommended Value of New Market Supplement	
Recommendation for appropriate annual value of market supplement	£
Rationale for the recommended value (how did you calculate the value?);	

Actual cost of the Market Supplement up to the next review date (including on-costs – tax, NI, pension)		£	
Source of Funding for New Market Supplement (complete appropriate sections)			
Funded from deleted post		Post No	
Funded from amended post (please give details)		Post No	
Funding not available therefore budget bid required (All such bids to be approved by the Leader and Chief Executive before being built into the base budget)		Cost Centre	
Service Group Accountant sign off (attach email confirmation)			
Name			
Signed			
Trade Union consultation (attach email confirmation)			
Name			
Date			
List other employees who will receive market supplement, if approved (ie: all post holders in exactly identical posts)			
Name of employee		Payroll number	
Senior Management sign off			
Head of Service		Corporate Director	
Name		Name	

Signed		Signed	
Date		Date	

Please forward form to Head of Human Resources

Head of Human Resources :		
Recommendation approved ?	Yes	No
Signed	Date	
<i>(Head of HR to forward a original to HR R&I team, with a copy to Head of Service)</i>		
For HR Recruitment and Information Team :		
If approved, advise payroll to divide annual amount into 12 equal monthly instalments with 2 year end date. Record on Resourcelink		<input type="checkbox"/>
Amend contract of employment		<input type="checkbox"/>
Advise Payroll		<input type="checkbox"/>
If not approved, retain form for records		