

Market Supplements Policy and Procedure

Introduced

Policy Number

Policy Approval

Policy approval has been gained from Strategic Management Team, Staff Joint Forum and the Executive Board.

Policy Statement

Market supplements are a way of tackling recruitment and retention issues by temporarily increasing the pay awarded to a post, without altering the job evaluation determined grade for that post.

Market supplements may be agreed when it can be shown that the salary range attached to the grade for 'hard to fill' posts (as identified in the Workforce Plan) is significantly lower than those offered elsewhere and that this is having an adverse impact on the ability to recruit and retain staff.

This document contains the agreed approach to be taken for the application and monitoring of market supplements within East Devon District Council.

The Council's Commitments

This policy must be seen in the context of East Devon District Council's commitment to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.

Specific Policy Areas

1 Principles of this policy

Any market supplement shall be objectively justifiable and will be applied according to the following principles.

- Market supplements will normally only be considered for posts identified in the Workforce Plan as 'hard to fill'. This information is derived from national surveys conducted by the Employers organisation.
- It cannot be assumed that simply because other employers offer higher salary levels that EDDC will necessarily be able to follow suit.
- Market supplements will normally be reviewed annually and consequently will be withdrawn, should the review demonstrate that current evidence does not justify a supplementary payment continuing.
- It is important that employee expectations of market supplements are managed and before a market supplement is awarded, an employee must agree to and sign the attached amendment to their Contract of Employment.
- If a market supplement is introduced to a particular post category, it shall not automatically be applied to all current employees in that post category. The law requires that to ensure equal pay principles, market supplements are only awarded in cases where a 'genuine material difference' can be demonstrated.
- Market supplements form part of an employee's pay and will be pensionable. Any overtime payments will include the market worth element. Payments for sickness and holiday will include the market worth element.
- Market supplements will be highlighted as part of an employee's salary when mortgage application references are being completed and total income calculations are being carried out.
- In exceptional circumstances, market supplements may be paid in the form of 'one off cash payments' at the recruitment stage but would be subject to a pay back clause. This clause is

100% should the individual subsequently leave within 1 year of employment and 50% should the individual subsequently leave within 2 years of employment. Such market supplements are subject to the same considerations and procedures as other market supplements.

2 Justification for market supplements

When considering market supplements, the Strategic Management Team will apply the following criteria to help reach a conclusion.

Recruitment and retention difficulties

- Confirmation of whether or not the post is identified in the Workforce Plan as 'hard to fill' due to national skill shortages.
- Evidence of a poor response to adverts both in terms of quantity and quality of candidates. To qualify, a job will have had to be advertised on at least one previous occasion with an unsatisfactory response. The Head of Organisational Development will follow this up to establish the reason for the poor response as this may not be about salary levels – it could be due to other factors.

Labour and turnover levels

Evidence of high staff turnover in the last 12 months demonstrated to be linked to salary levels. This will be evidenced through exit interviews.

Market data

Evidence collected by Human Resources that demonstrates more substantial remuneration packages are available for the specified post (or group of identical posts) within the appropriate local, regional and national marketplace.

At least three examples of comparable jobs, salaries, total package and summary of main duties will be required. The Head of Service will research this with Human Resources.

3 Quantification

A market supplement is expressed as a fixed cash sum allowance and will not be subject to annual cost of living pay awards. For part time staff, this will be calculated pro-rata to the hours worked.

Under no circumstances will the market supplement alter the grading of the post determined through the job evaluation process. The supplement only affects the total pay that the post attracts for the period it is applied and the allowance will be paid for one year and reviewed annually.

4 Procedure and approval

The need for a market supplement can be proposed by the Head of Service or Director.

Step one

The Head of Service will put forward their case for applying a market supplement using the criteria outlined in section 2 of this document, to the Head of Organisational Development. Where necessary, market data may need to be collated from external agencies to provide evidence and support for both the need for a market supplement and the proposed amount of that supplement.

Step two

The Strategic Management Team and the Head of Organisational Development will consider the proposal and the Strategic Management Team will then decide the outcome of the proposal.

Step three

Once agreed, the individual(s) concerned will be required to sign an amendment to their Contract of Employment.

5 Review of market supplements

The Head of Organisational Development will maintain a database of all market supplements that are approved and will ensure that these are reviewed annually by the Strategic Management Team.

A review will also be carried out when an individual leaves a post that has attracted a market supplement, in order to assess the need to advertise the vacancy with a market supplement in the current labour market. Where such a review leads to a decision to withdraw the market supplement, this will apply with immediate effect to vacant posts. Existing employees still in receipt of a market supplement will continue to be paid until the end of the guaranteed period and thereafter, it will be withdrawn.

Further reviews will be carried out whenever a post is re-evaluated through the job evaluation process.

If a review results in a decision that the market supplement is no longer justified, it will be withdrawn. In these circumstances, three months' written notice will be given that the market supplement is being withdrawn.

Policy Consultation

This policy has been widely consulted upon and has been agreed by the Strategic Management Team, Executive Board and Staff Joint Forum.

Policy Review

The Head of Organisational Development will review this policy every three years unless it is considered necessary to review it earlier.

Related Policies and Strategies

- Joint agreement for the implementation of job evaluation.

Amendment to contract form

Appendix One

Any employee who is eligible to receive a market supplement in line with East Devon District Council's Market Supplements Policy must agree to and sign the contract amendment form prior to any payment being made.

Post:

Directorate and section:

Market supplement: £

Payable with effect from:

I have read and agree to the conditions of East Devon District Council's Market Supplement Policy and Procedure.

I understand that this market supplement is allocated for a period of one year and will be reviewed on an annual basis. It may also be reviewed at any time when recruitment is taking place for a similar post or as a result of re-evaluation using the Greater London Council job evaluation scheme.

If a review indicates that the market supplement is no longer justified, it will be withdrawn. In these circumstances, I understand that I will be given three months' written notice that the market supplement is being withdrawn.

I understand that a market supplement does not alter the grade of my post as determined by the job evaluation process. If at any time the grade of my post is changed, the market supplement will be reviewed as from the date of the change.

I understand that while I am being paid a market supplement, it will be a pensionable part of my salary and it will attract national insurance contributions and tax.

OR

Post:

Directorate and section:

Recruitment market supplement: £

Payable with effect from:

I have read and agree to the conditions of East Devon District Council's Market Supplement Policy and Procedure.

I understand that following the commencement of my employment with the Council, I am in receipt of a one-off discretionary payment which will not be consolidated into my basic pay and that it does not alter the grade of my post as determined by the job evaluation process.

I understand that if I leave during my first year of employment with East Devon District Council, I will be required to repay 100% of this payment. If I leave during my second year of employment, I will be required to repay 50% of this payment. I understand that for the purposes of this policy, continuous employment is not applicable and therefore the first and second year will start from the start date with EDDC.

I understand that the recruitment market supplement attracts national insurance contributions and tax.

Signed:

Name:

Date: