

# MARKET SUPPLEMENT SCHEME POLICY

MARCH 2021



## 1. Purpose of scheme

The use of a Job Evaluation scheme allows for the creation of a fair and equitable pay structure which ensures rates of pay are based on robust criteria across the organisation. However, the resulting rates of pay may not necessarily reflect the value of jobs in the wider external marketplace.

This market supplement scheme has been developed to recognise that there may be times when specific skills and experiences are in short supply. Use of market supplement payments is one way of ensuring we secure sufficient employees with the required skills to safeguard the provision of these services.

A key purpose of the scheme is to ensure that any market supplements are paid fairly and consistently to avoid the risk of non-compliance with equal pay legislation. There would need to be clear evidence that the basic rate of pay being paid by Carmarthenshire County Council for a specific job is significantly lower than the market rate for a relevant and equivalent post in a similar market and that any recruitment or retention problems are due to rates of pay.

However, the introduction of market supplements must be properly controlled in order to avoid the creation of potentially unlawful pay disparities and Equal Pay Act risks. There are, therefore, very specific rules to the application of market supplements to ensure that they can be objectively justified.

Market Supplements must be:

I. restricted to a limited number of jobs where there is clear evidence that the Council's own pay is significantly lower and / or demonstrably competitive to the market rate for specific jobs **and** there are enduring recruitment or retention problems.

II. applied only where there are recruitment or retention problems in relation to a very specific role (a generic application to, for example, all social workers, could not be justified if the problems related to childcare social workers alone).

III. designated as temporary and subject to regular review and monitoring as to outcomes.

IV. applied to existing as well as newly recruited post-holders in the relevant job.

V. clearly identified as separate from basic pay (so that their basis is understood by the employee and they can be justified if an equal pay issue arises).

VI. ideally paid separately from basic pay, either monthly, quarterly, half yearly or as an annual payment (whichever best serves as a recruitment and/or retention measure).

VII. capable of being withdrawn. The contractual terms and a process for withdrawal should be clear and established.

VIII. phased out or withdrawn if a review shows they are not consistent with the above criteria.

IX. payments will not normally be made to employees still in their probation period or during any other initial training period. This will be agreed with the department when payment of a market supplement is being considered.

## **2. Scope of the scheme**

This procedure covers all employees including centrally employed school staff except centrally employed teachers and staff on the complement of locally managed schools.

## **3. Use of scheme**

This scheme replaces any earlier scheme operated by Carmarthenshire County Council and will be operated alongside the Carmarthenshire County Council pay and grading structure.

The scheme will be applied to specific posts on a temporary basis where a suitable business case is developed and approved. The scheme is not designed to reflect an individual's performance.

The scheme will be subject to periodic review to ensure it remains relevant.

## **4. Preparation of a market supplement business case**

Before a business case is put forward for a market supplement, the Head of Service must satisfy him/herself that all non-pay related measures to successfully recruit and / or retain a staff member have been reasonably explored, including a review of the skills, qualifications and experiences required for the post.

If a market supplement is still considered appropriate, the Head of Service should develop a business case which should be submitted to the Assistant Chief Executive (People Management), or nominated representative, with evidence of failure to recruit and / or retain staff as well as evidence of pay rates for the role in other relevant organisations.

The Assistant Chief Executive (People Management) or their nominated representative will respond to the Head of Service to either recommend the market supplement be paid or to refuse the request.

The following information will be taken into account when making the decision whether it is appropriate to pay a market supplement.

- Evidence demonstrating the nature and extent of the recruitment / retention difficulties;
- The extent of the potential impact on services if the recruitment / retention difficulties are not resolved;
- The likely duration of the problem;
- Evidence of pay data from the relevant comparator organisations. This may be based on local, regional or national data depending on what is relevant for the post. Ideally this data should include the whole package not just basic pay so total packages can be compared.

There are a number of indicators that may suggest that there is a severe recruitment and / or retention problem within a particular service. It is important to note that these are merely indicators; they do not mean that a post will attract a market supplement.

The indicators are as follows:-

- The post has been advertised externally on three occasions and those three attempts have resulted in failure to appoint an individual to the post.
- Information concerning turnover within a post or a group of posts within the Council.
- Information concerning the external labour market, e.g. awareness of the failure of universities to recruit students to particular courses.
- Information gained through the medium of exit questionnaires or Interviews.
- Any other significant retention issues.

**Managers should explore alternative recruitment solutions when a post is advertised for the second and third time; managers must not advertise the post three times without reviewing the documentation and methods used. At the same time, a manager does not have to advertise a post on three separate occasions if there is substantial evidence from other sources of information that there may be a case for paying a market supplement.**

## **5. Funding**

The payment of market supplements will be funded by the division in which the post lies. If the post is cross-divisional then the cost will be shared by those divisions concerned.

## **6. Payment of market supplements**

Payment will be calculated by the Assistant Chief Executive (People Management) or nominated representative in conjunction with the Pay and Reward Team. The payment will be based on the median salary for the equivalent roles, taken from an independent external salary survey.

## **7. Calculation of a market supplement**

All supplements will be calculated as additional increments based on the evidence supplied and will be the nearest increment below the comparator salary. The payment should be set at a level that is considered will alleviate the recruitment and retention / operational difficulties but which is not excessive and can be justified in terms of salary paid to the comparator jobs in the market.

The purpose, justification and extent of any market supplement must be transparent and records maintained to demonstrate this so that the Council can respond effectively to any challenge regarding the rationale for such a payment.

Market supplements will be identified as a separate item on payslips and do not form part of the basic pay for the post. They will be subject to tax, NI and pension contributions in the normal way.

Market supplements will be taken into account for overtime calculations and any other enhancements / allowances.

## 8. Duration and Review of payments

The duration of the payment will be determined at the outset based upon how long the recruitment difficulties are likely to continue and will be confirmed in writing to the employee. The initial supplement payment period will be for a maximum of 12 months.

The market supplement will be reviewed at least every 12 months or earlier if necessary. If the departmental manager believes the market supplement needs to continue they will need to provide a new business case, containing up to date information, at each review. This business case will be considered by the Assistant Chief Executive (People Management) or nominated representative along with any other relevant information.

Where the business case to support the continued payment is no longer relevant and sustainable the supplement shall be withdrawn and contractual notice given to the post holder(s) in writing.

Where the decision to withdraw a market supplement is made, this will apply to all posts within the same job group (e.g. all Social Workers within Children's Services) and their post holders simultaneously.

There are a number of situations which may trigger a withdrawal of market supplement payment and these include:-

- Job group no longer has any vacancies
- Posts can be filled after first advertisement
- Turnover has reduced to an acceptable level
- Market research shows there is no longer any justification for the payment

This list is not exclusive.

## 9. Management of the scheme

The scheme and all payments made under it will be monitored and reviewed annually and the outcome reported to the Assistant Chief Executive (People Management) or their nominated representative and the department.

Vacancies should be advertised in the usual way, denoting the grade and salary for the post. The market supplement should be quoted as a separate figure, as follows:-

**Salary £XX,XXX to £XX,XXX (plus additional market supplement up to a maximum of £xxx where appropriate).**

## 10. Interpretation

Any matters of interpretation arising from the scheme are to be determined by the Assistant Chief Executive (People Management).

## 11. Ensuring equality of treatment

### ENSURING EQUALITY OF OPPORTUNITY

All employees are required to adopt a positive, open and fair approach and ensure the Authority's Equality and Diversity Policy is adhered to and applied consistently to all irrespective of race, colour, nationality, ethnic or national origins, disability, religion and belief or non-belief, age, sex, gender reassignment, gender identity and gender expression, sexual orientation, pregnancy or maternity, marital or civil partnership status.

In addition, the Welsh Language Standards ask us to 'ensure that the Welsh language is treated no less favorably than the English language' and this principle should be adopted in the application of this principle.

If you have any equality and diversity concerns in relation to the application of this policy and procedure, please contact a member of the HR Team who will, if necessary, ensure the policy/procedure is reviewed accordingly

If you require this publication in an alternative format please contact People Management on [CEDutyHR@carmarthenshire.gov.uk](mailto:CEDutyHR@carmarthenshire.gov.uk)

## Appendix 1

### **APPLICATION FOR APPROVAL FOR PAYMENT OF A MARKET SUPPLEMENT**

This form is to be completed and signed by the manager requesting a market supplement payment and then forwarded to the Senior Pay and Reward Advisor.

#### **1. POST DETAILS**

<b>Post title</b>	
<b>New or existing post?</b>	
<b>Post number(s) if existing post(s)</b>	
<b>Number of staff in this post (including any vacancies)</b>	
<b>Department</b>	
<b>Division</b>	
<b>Grade</b>	
<b>Salary range</b>	
<b>Total amount of market supplement requested (monthly amount)</b>	
<b>Period for which the payment of a market supplement is sought (maximum initial period 12 months)</b>	

#### **2. JUSTIFICATION FOR PAYMENT**

This section asks for evidence in support of the request for payment of a market supplement (all boxes must be completed).

<b>(1) Describe the job or group of jobs for which payment of a market supplement is requested. Give a brief outline of responsibilities. (Attach the job description, person specification and organisation chart)</b>



**(2) Please confirm that the job profile and evaluation of the post(s) has been checked recently to ensure it is up to date.**

Confirmed (please tick):

**(3) What evidence is there of pay-related recruitment and / or retention difficulties?**

**(a) Number of times the post has been advertised (including dates of adverts)**

**(b) Number of responses to job adverts**

**(c) Assessment of the quantity of responses (adequate, inadequate)**

**(d) Assessment of the quality of responses (e.g. satisfactory, below required standard)**

**(e) Turnover statistics for the post(s)**

**(f) Supporting data from exit interviews, staff surveys or other feedback**

**(g) Articles in professional bodies' journals / websites, press etc. re: skill shortages and / or evidence from national pay surveys**

**(4) What evidence is there that pay (and not other factors) is causing the recruitment / retention problems being experienced?**

<p><b>(5) What other recruitment / retention initiatives have been tried / exhausted? (e.g. change in methods / types of advertising; changes to information for potential job applicants)</b></p>
<p><b>(6) Have alternatives to paying a market supplement been considered, i.e. measures to resolve 'non-pay' issues. If so, please specify. For example:</b></p> <ul style="list-style-type: none"> <li>• Is there a regional / national shortage for which new / alternative training schemes would be a more appropriate solution?</li> <li>• Are there issues within the occupational group, service or team that could be more appropriately resolved by management action?</li> <li>• What other measures have been explored (e.g. appropriate changes to the job role / responsibilities; qualification / knowledge / experience requirements; changes to working arrangements including flexible working options)?</li> </ul>
<p><b>(7) Is filling the post(s) essential to maintaining adequate staffing levels to ensure service delivery requirements? (Include any legal implications and how long the post(s) have been vacant)</b></p>
<p><b>(8) Has the impact of making the payment on other staff in the team / service been considered and how do you intend to deal with this?</b></p>

**(9) Labour market data: the 'going rate' for the job:**

**(a) What appears to be the going rate per annum?**

**(b) Is this local, regional or national?**

**(c) What sources have been used to obtain this data (e.g. recent media advertisements, survey data, pay databases, other organisations)?**

**(10) Comparable posts**

Comparable posts are those which are comparable to the post being assessed for a market supplement on the basis of the criteria below. Please provide the following information for comparable posts in **three** organisations.

- Job title
- Salary range
- Other benefits
- Authority / organisation
- Key requirements in the job description / person specification and how these compare to those for the internal post
- How does the comparable post compare in terms of job size, type/size of organisation, scope and responsibilities (e.g. local population, number of people supervised, number employed in service area, size of budget etc.
- Any additional supporting data
- What is the source of the information?

**3. PAYMENT AMOUNT AND TYPE**

Total amount of payment requested per annum	£
Basis (or rationale) for the calculation of the payment	

If approved, how will the market supplement be paid?

Instalment amount	£
Frequency – monthly, quarterly, bi-annually, annually	

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**4. SOURCE OF FUNDING**

Please specify where the additional payment will be funded from (e.g. existing budget new budget, grant funding)

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**5. ANY OTHER COMMENTS**

Include any additional information in support of this application not mentioned elsewhere.

**6. SIGNATURE OF MANAGER MAKING THE APPLICATION**

<b>Signature:</b>
<b>Your job title:</b>
<b>Department / division:</b>
<b>Date:</b>

**7. APPROVAL BY Assistant Chief Executive (People Management)**

I agree that payment of a market supplement is appropriate and that all necessary checks have been carried out in line with Carmarthenshire County Council's policies and procedures and that all other avenues have been explored.

<b>Date of People Management agreement:</b>	
<b>Agreed</b>	<b>Yes / No</b>
<b>If no, what is the reason?</b>	
<b>Details of any amendment to the original proposal and reasons</b>	

<b>Signed:</b>	
<b>Job title:</b>	

### 8. ADMINISTRATION

<b>Date manager informed of decision</b>	
<b>Effective date of payments / start of payment</b>	
<b>HR service / department informed</b>	
<b>Names of staff to be paid the supplement and date they are informed of the decision.</b>	
<b>Review date (maximum 12 months from start date of payment)</b>	