

Market Supplement Policy and Procedure

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If you have any queries regarding the content of this policy and procedure, please contact HR: HumanResources@croydon.gov.uk

1 Scope

- 1.1 This policy and procedure applies to all Council employees except those appointed by schools who have their own procedures as adopted by the Governing Body. It is a matter for schools whether to adopt the protocol for those on non-teaching conditions of service. This policy and procedure does not apply to workers who are not employed by the Council such as agency workers and contractors

2 Introduction

- 2.1 A market supplement is a non-obligatory, time-limited, post-/role-related payment made in addition to normal pay. A market supplement can apply where there is clear evidence that there are recruitment and retention difficulties arising from the total remuneration package available to the Council being too low; this is when compared to packages offered as the norm by other employers for comparable posts in a competing market.
- 2.2 The council is committed to the principles of equal pay for work of equal value, applying robust and fair mechanisms to set grades and rates of pay. Any variations resulting in differences in pay for jobs, or for individual employees, must be underpinned by objective justification that does not place the council at risk of equal pay claims. Justification must deal with the need for a market supplement, the rate of payments and their duration.
- 2.3 Market Supplements will only be paid in exceptional circumstances, once alternative options on recruitment and retention have been exhausted and for a maximum period of 2 years in the first instance (unless there is a business case to justify a period of 3 years as outlined in paragraph 2.4 below). Where a market supplement is sought, a business case with employment market benchmarking must be provided with a clear rationale for objective justification of the payment. ~~and for a maximum period of 12 months before being reviewed.~~
- 2.4 If they are to be continued beyond 2 years, a business case must be provided with a clear rationale as why the market supplement should be longer than 2 years (up to 3 years). 12 months ~~If the employment market conditions were to change unexpectedly, a review of the market supplement can be brought forward.~~ ~~market supplements must be reviewed prior to their end date.~~ It is advised that the market supplement review commences at least 3 months before the end date.

3 Principles

- 3.1 All non-pay options, or alternative means of addressing the matter, will be considered before Market Supplements are used. Market supplements will only be considered when a clear business need is identified and recruitment and retention issues cannot be better addressed through the total benefits package or the work environment or practice, e.g. flexible working

- 3.2 Market Supplements will only be paid where there is clear and objective evidence that:
- there is a real business need to recruit/ retain staff in a ‘hard to fill’ post;
 - the problem cannot be resolved through the Council’s job evaluation process in the first instance;
 - it can be shown that ‘non-pay’ measures will not resolve the problem; and
 - the Council’s remuneration package evidently is significantly below the market median rate for the role (i.e. the total remuneration package provided by other employers) *and* that this has resulted in recruitment or retention difficulties for the Council.
- 3.3 The payment of a market supplement will be made with an awareness of the total reward package paid to a comparator’s employees. Many local government employers offer similar terms and conditions. Croydon employees will, however, often receive more generous non-pay elements than others elsewhere. This includes for example annual leave, parental leave, learning and development opportunities, flexible working, or pension membership. These elements should not be ignored in deciding whether a payment is necessary.
- 3.4 The payment of a market supplement must always be supported by robust and objective market data along with supporting evidence of the recruitment and retention problem due to levels of remuneration (e.g. evidence of an unsuccessful recruitment exercise where remuneration was identified as the cause of the failure).
- 3.5 The intention to pay a market supplement should not be discussed with potential recipients until proper authorisation has been obtained.
- 3.6 Consideration will be given to ceasing a market supplement if formal action is taken against the employee under the Councils Capability procedure, Managing Sickness Absence Policy and procedure or Disciplinary Procedure. If payment of a market supplement is ceased it will only be reinstated when the employee’s performance and/or conduct reaches the required standard and action under the procedure is concluded. Consideration must be given to any disability and/or maternity related sickness absence, as ceasing a market supplement where this applies may be deemed to be discriminatory.
- 3.7 For equality purposes if more than one person is within a role to which a job specific market supplement applies, all those within the role must also receive the market supplement.
- 3.8 Market supplement payments are non-obligatory and the council has no obligation to offer or continue to offer them. They can be varied or withdrawn by the council at any time with at least 4 weeks’ notice in order to ensure that they continue to be justified from a value-for-money as well as Equal Pay perspective.
- 3.9 Market supplement payments must be reviewed every 2-3 years (depending on the agreed market supplement period) and a business case must be provided using the correct documentation and following the appropriate governance rules to ensure that the**

payment still meets the necessary criteria and is justified in terms of the employment market. Where a market supplement is sought for longer than 2 years, and up to 3 years, a business case must be provided with a clear rationale for objective justification of the payment. can only be applied for a maximum period of 12 months, at which point they automatically cease (unless an extension is authorised). If they are to be continued, they must be formally reviewed anew using the correct documentation and following the appropriate governance rules, to ensure that the payment still meets the necessary criteria and is justified in term of the market. If the employment market conditions were to change unexpectedly, a review of the market supplement can then be brought forward.

3.10 Market supplements are expressed as a lump sum salary supplement and are paid monthly, pro-rata to the annual sum.

4. Tackling recruitment and retention difficulties: Non-pay incentives and considerations prior to seeking a market supplement

4.1 It is important when comparing market forces that all payments and non-pay incentives are factored on a 'like for like' basis. Before seeking a market supplement, managers must assess the employees' whole benefits package, including:

- Non-pay benefits such as annual leave, flexible working;
- The Local Government Pension Scheme (LGPS);
- Training and career development opportunities;
- Access to a range of policies that support work-life balance;

4.2 Research shows that the base pay is only one amongst the diverse causes of recruitment/ retention difficulties. Therefore, managers must consider the following prior to seeking a market supplement.

- If insufficient job applications have been received and/ or applications are not of an acceptable standard, have other recruitment initiatives been tried and exhausted (for example, through different/ targeted advertising)?
- Does the job role profile accurately and properly reflect the demands and requirements of the role?
- Has the value of the total reward package and all employee benefits been promoted effectively to applicants/ candidates?
- Have opportunities for learning and development and career progression been highlighted in regard to these posts or any vacancy advertisements?
- Could changes to working arrangements make the post[s] more attractive (such as flexible working options)?
- Could new career pathways or training relieve shortages in respect of specific occupational groups?
- In regard to staff turnover, is there evidence from, for example staff surveys and/or exit interviews that unresolved and/ or recurring workplace dissatisfaction could be significant contributory factors which need to be addressed?

5. The Market Supplement Scheme

5.1 Market supplement payments are job specific and may be justified on two accounts:

- a) Scarcity of people to fill the job(s). Pay rates offered by other employers may not be significantly more but there are not enough people in the market. Pay could be one factor, amongst others, that enables the council to attract and retain. Generally, increasing pay should not be the only answer or a 'knee-jerk' reaction to a temporary shortfall.
- b) Market pay rates; whilst there may be many people in the general market, pay rates across an industry or competitor's sector are evidentially more, making the council's ability to recruit and retain untenable without an adjustment in pay, regardless of other inducements, (training opportunities, case management etc.).

5.2 **Market Supplements will be determined using employment market benchmarking data. Approval by the Chief People Officer in consultation with and CMT will be required for market supplements over 20% of basic pay, or where there is a collection of the same posts to which a market supplement will apply. ~~when added to basic pay, not normally exceed 10% of basic pay, but may be up to 20% of basic pay as formally determined on an exceptional basis by the Director of Human Resources.~~**

5.3 The following options for payment of market supplements may be considered. These would also apply as additions to any spot salaries. Choices on the type of payment must be justified taking account of the job in question and the market type compared.

- To pay a percentage addition at each spinal column point. Market factor percentage may or may not decrease as the spinal column point value increases with pay awards or incremental progression. If the percentage is unchanged, this assumes that the 'market comparator' enjoys similar pay award increases, (typically public sector employers); pending any formal review.
- To pay an additional lump sum payment to match market comparator, that decreases as the person moves up the grade range or a pay award impacts, i.e. the gap between the market comparator and the person's base pay becomes smaller. This assumes the market factor comparator at a specific point in time, unchanged pending any formal reviews.
- To pay a 'set' additional lump sum, at each spinal column point that remains unchanged as the person moves up the grade range or pay awards impact. The link to comparative pay is more difficult to justify but this may be necessary to ensure retention.

5.4 ~~The need for a market supplement payment and amount will be reviewed every 12 months. Those starting the job within the period may receive a payment for less than 12 months. For example, a person starts 1st June 2021, with a market supplement review date of 1st January 2022 will only have a guarantee of payment at the contractual rate for 7 months.~~

5.5 Other post holders in the same job to which the market supplement applies will receive the supplement from its commencement or the start of their employment, if later, to the given review date.

6. Determining the Market Supplement amount:

6.1 –The market supplement introduces a difference in pay amongst staff who would otherwise be paid the same due to occupying jobs ‘rated as equal’. In order for the market supplement to comply with Equal Pay legislation, the market forces must account for the whole of the difference in pay—and not just a part of it—between employees whose post attracts a market supplement and those whose post does not attract one. That is, the calculation of the market supplement will be highly relevant to the calculation of the ‘going rate’ in the market and the council’s desired positioning in this market.

6.2 If the criteria for determining a market supplement are met, the amount of market supplement can be the difference between the maximum spine point of the evaluated grade for the post and the median of the market rate for the London/Southeast region as evidenced in the business case and relevant benchmarking (see benchmarking section below)

- **Median market rate:** In applying the median market rate, this would be calculated as follows: Information could be obtained from an appropriate number of London borough jobs, civil service, vicinity employers from private sector. All the salaries found are divided into five equal parts, with each decile representing the pay rate 20 per cent of the workforce earn. For instance:

| | |
|----------------|---------|
| Organisation 1 | £39,500 |
| Organisation 2 | £38,360 |
| Organisation 3 | £37,805 |
| Organisation 4 | £35,798 |
| Organisation 5 | £33,440 |

| | |
|----------------------|---------|
| Median market rate: | £37,805 |
| Average market rate: | £36,981 |

Where the number of available organisations is an even number (for example, 6, 8 etc.), then the median market rate is the average between the two middle rates.

6.3 In exceptional cases where a market supplement exceeding the median market rate is requested, the amount must be in line with **paragraph 5.2**, justified and transparent in the application and authorisation process.

6.4 All market supplements will be:

- Subject to the normal statutory deductions
- Pensionable
- Included in calculations for the purposes of other payments such as maternity and sick pay
- Paid pro rata for part-time staff.

6.5 The market supplement payment will stop if an employee moves to another job, from the date of their revised contract. If a job that is subject to a market supplement is re-graded, through a job evaluation process, payments may be amended from the date any new base rate applies.

7. Manager's application process

7.1 A manager who wishes to apply a market supplement to a position will be required to submit a market supplement application (Appendix 1), which includes a business case.

7.2 The intention to pay a market supplement should not be discussed with the potential recipients until proper authorisation has been obtained.

7.3 The business case must evidence the following as far as possible:

- vacancy levels and/or turn-over rates, ideally with reasons for leaving;
- job role profiles and adverts for similar posts with neighbouring boroughs confirming the market pay rate paid or market ratio applied;
- reliable benchmarking data from the industry;
- ~~a basic equality impact assessment of the proposed changes;~~
- other measures and costs, for example, the use of consultants/expensive agency workers;
- national/ regional surveys/ benchmarkings, such as HAY
- ~~ideally evidence of a~~At least one unsuccessful recruitment exercise (where there are reasonable/ grounds to consider the level of remuneration to be the cause for the failure of the exercise). Unless there are exceptional circumstances, a post needs to be advertised to test the market before a market supplement is applied.
- An action plan for diverse recruitment to the job role
- How succession planning is being supported (for example, apprenticeships/work placements) for hard to fill roles.

7.4 An equalities impact assessment must be undertaken on the Council Equality Impact Assessment (EQIA) template. Further information on undertaking an EQIA can be found on the council intranet: What is an equality analysis? | Croydon Intranet

8. Benchmarking

8.1 Although the simplest way to compare salaries may be to compare by same or similar job titles, this is prone to error as job titles are often used liberally by different employers

to cover a variety of responsibilities. In addition, it is recognised that a benchmarking exercise will account neither for the total rewards package offered by one employer against that of another nor for the entirety of the prevailing labour market conditions in which they operate. For instance, the non-pay incentives may signal a competitive advantage to the Council against other employers, even where this is not reflected in the salary in absolute values. It should also be kept in mind that councils compete with both the public and the private sector for staff. When benchmarking against regional neighbours, there is a risk for councils to drive up pay unnecessarily, with an inflationary and detrimental effect on the council's and other Local Authorities' budgets and resourcing.

8.2 For the above reasons, during the application process, the manager will:

- compare by role profile details as opposed to job title;
- use only the basic pay element (i.e. gross annual salary) as opposed to other benefits (for example, annual leave);
- accurately define the labour market conditions in their locality. For example, *loose labour market* (where there is a large pool of potential and available employees to recruit for positions, since jobs are scarce, with jobseekers competing with many others for the same position) or *tight labour market* (when the economy is close to full employment and recruitment becomes difficult placing upward pressure on wages); and
- try to encompass in the comparison both the private and public sectors.

8.3 While it is recognised that there is no one set of rules to guarantee the effectiveness of a market supplement, consideration should be given to the below when undertaking and authorising the basic benchmarking exercise required for the market supplement application:

- **Role profile:** When searching for job roles to compare, care should be taken as overreliance on job titles can be proven misleading. Managers are advised to look at the details of job profiles to assess their relevance. The focus should be on general duties; however, occasionally, bespoke duties, seniority, line management responsibilities drive salaries up.
- **Positioning:** The Council and employees should be realistic about the budgetary constraints that apply and may mean that the Council may not be able to position itself as the market leader.
- **Total reward:** Although non-pay incentives or benefits such as pension contributions cannot be taken into account while benchmarking, consideration can be given to the wider reward package when assessing the potential effectiveness and necessity of the market supplement.

9. Assessing the possible impact of a Market Supplement

9.1 The responsibility for assessing the impact of a market supplement lies with both the manager applying and the authorising manager / HR.

9.2 Before market supplements are approved the overall impact must be assessed including:

- Applying the market supplement in a fair way. For example, are there other recruitment and retention difficulties and how these are being tackled? Why is this being tackled differently?
- How will the market supplements be communicated to other staff to ensure there are no feelings of inequality?
- What are the budgetary implications?
- What are the benefits? Do the expected outcomes outweigh any negative impacts?
- What risks has an equality impact assessment identified? If risks are identified how are these being addressed?

9.3 Managers must ensure that they have considered the full implications of applying a market supplement from an equality perspective. If more than one employee is being considered within a role where a market supplement is to be applied, the level of current pay/ Spinal Point must also be factored into the market supplement consideration and must be robustly justified to ensure equality of payment in line with market forces, beyond that of the evaluated role.

10. Authorisation Process

10.1 As appropriate, HR will support the directorate department to develop a business case including; objective evidence on the justification for a supplement, proposals on payment and duration. Objective evidence is more than a belief that there are recruitment or retention difficulties, some tangible evidence must be present. Any costs which arise from subsequent research (e.g. survey information) will met by the directoratedepartment.

10.2 Recommended criteria for the approval of a market supplement application are as follows:

- Evidence of pay-related recruitment and/ or retention difficulties (such as turnover rates in the specific posts or job group; responses to job advertisements or other recruitment initiatives; qualitative assessment of job applicants; details of other measures taken to boost recruitment and/ or improve retention and the outcome).
- An explanation (with evidence) of the impact on service provision and delivery which would result from failure to recruit and retain the number, level and calibre of staff required.
- Clear evidence that the Council's rates of pay for the defined post or group of posts falls below the required level in relation to the comparator market. (The 'required level' would need to be determined by the Council at the time, taking account of relevant market data and the needs of the service.)

10.3 Market Supplements must be supported by the relevant Director with final approval being received from the Chief People Officer~~Director of Human Resources.~~—The Chief

People Officer ~~Director of Human Resources~~ will make an assessment whether there is potential for a market supplement or whether HR support may better resolve the issues identified (for example targeted recruitment campaign). Market supplements over 20% of basic pay, or where there is a collection of the same posts, must be approved by the Chief People Officer and in consultation with CMT.

10.4 The Chief People Officer ~~Director of Human Resources~~ will review the submitted market supplement business case, in discussion with the ~~Director~~ Chief Officer or Corporate Executive Director as appropriate.

10.5 HR will provide follow up support on all market supplement payments: payroll, employee relations and recruitment matters; ~~and diarise the date for market supplement reviews.~~

10.6 Where a market supplement award is not agreed the Chief People Officer ~~Director of Human Resources~~, or allocated HR professional, will discuss other options to overcome perceived difficulties, including recruitment options and longer-term solutions, for example, career grading schemes or 'grow your own' opportunities.

10.7 Market Supplements will be funded by the employing services budget; and budget approval arrangements must be complied with.

11. Reviewing Market Supplements

11.1 Reviews will commence 3-6 months before the market supplement review/end date. Reviews will be the responsibility of the relevant Head of Service. Reviews will follow similar steps as the authorisation process above, with a robust business case which justifies the supplement, the amount and its duration (see appendix 2 for review form). These will be signed off by the Chief People Officer ~~Director of HR~~, and Director / Corporate Executive Director, as appropriate. HR will provide follow up support on payroll, employee relations matters including appropriate cessation of payments, where appropriate. If reviews are not completed in a timely fashion, there is a risk that the market supplement will be unilaterally withdrawn

11.2 Reviews will consider:

- changes in the market (for example, the current market rate, continuing skill shortages etc.);
- evidence that the recruitment and retention difficulties still apply;
- changes to the relevant employees' substantive pay and to what extent has this bridged any gap;
- any other relevant factors, including affordability and the impact of the market supplement.

11.3 The outcome of the review will be confirmed to relevant employees in writing. This will include the value of any continuing supplement, the period it will cover, and the schedule for future reviews.

11.4 The expected review period will 2 years, however this may be longer (up to 3 years) with the business case providing a clear rationale for objective justification of the payment. If the market conditions were to change unexpectedly, a review of the market supplement can be brought forward. ~~be agreed at the outset however will be no longer than 12 months.~~ The market supplement payment will automatically terminate at the end of the reviewis period, if a renewal application is not submitted.

11.5 Market supplement payments may be identifiable in the council's Pay Policy Statement, gender pay gap reporting or other published data. With the exception of ~~an~~ published information on senior managers' pay, individual employees will be anonymised.

12. Terminating or varying a Market Supplement arrangement

12.1 Where the outcome of the review is a decision to remove or reduce the market supplement, this will be implemented with at least 4 weeks' notice. The outcome of any review will be confirmed to the relevant employees in writing.

12.2 There is no right of appeal against the reduction or removal of a market supplement.

12.3 The market supplement will also cease with immediate effect if circumstances change including:

- change of job: if the employee applies for and successfully obtains another role, then, the market supplement attached to the old role will be removed once they transfer to their new role
- change of grade/ job: where the market supplement is removed following a service review, and the employee is placed into a job where a market supplement is not warranted, payments will cease on the day that the employee commences within the new post. This will also be applicable for redeployees

12.4 Where the results of the review indicate an increase in the supplement, this will be effective during the month following the review date.

13. Other legal and contractual issues

13.1 All employees in receipt of a market supplement will be provided with a written statement detailing the terms and conditions associated with the market supplement, such as: the amount of supplement payment, its duration, the review periods that apply, and advising that if a review (scheduled or additional) finds that the supplement is no longer justifiable that payments may be withdrawn, or the value of payments adjusted accordingly. If the market conditions were to change unexpectedly, a review of the market supplement can be brought forward.

- 13.2 For new recruits, any payment of the market supplement will be referenced within the employees Contract of Employment along with the termination/ review date. The manager will also ensure that any vacancy advertisement will identify the Market Supplement as an additional, time-limited, and subject to review payment.
- 13.3 The market supplement is a separate figure and shown as a separate pay element. Therefore, it is not subject to annual pay awards/ cost of living increases or incremental salary increases, if applicable.
- 13.4 All market supplements are subject to normal deductions, such as tax and National Insurance and pension contributions (where the staff member is enrolled in a pension scheme).
- 13.5 The employee is appointed at the evaluated grade. All normal rules apply for commencing grade and incremental progression. Incremental progression may have an effect on the individual employee's market supplement, therefore, once an employee receives an increment, their Market Supplement should usually be recalculated.
- 13.6 Employees on maternity, paternity, adoption or shared parental leave will continue to receive the market supplement for as long as the council deems this market supplement justifiable, regardless of being on leave.
- 13.7 The market supplement is not subject to pay protection. In the event of a regrading, the market supplement will be reviewed to ensure its very existence or amount remain justified.
- 13.8 The payment will be described in the contract of employment, or an addendum to an existing contract. Wording will vary on the circumstances of the payment but will be as follows, or similar:

A market supplement payment of £XXXX per annum (pro rata if applicable) is payable in addition to the salary for the grade mentioned above, in recognition that your basic salary does not currently reflect the appropriate market rate for your job. The market supplement payment will be subject to periodic review as determined by the Council and may be decreased or removed at the Council's discretion. ~~The supplement will be initially reviewed no later than 12 months after implementation and not later than <date>.~~ You will be given at least 4 weeks' notice of the removal of the market supplement payment or any decrease in the amount of the market supplement. Any such decrease or withdrawal will not amount to a breach of this contract, it being in accordance with the contract.

14. Special Occupational Scarcity Allowance

- 14.1 There are instances where a market supplement may dissuade good calibre candidates from applying for posts as a market supplement is not a permanent contractual element of pay. From time to time therefore it may be necessary to pay a Special Occupational Scarcity Allowance to individual employees as part of their

employment contract where specific exceptional circumstances require this and where it can be justified in accordance with council policies.

14.2 A Special Occupational Scarcity Allowance only applies at Director and Corporate Director level and will be agreed at Appointments and Disciplinary Committee.

14.3 A Special Occupational Scarcity Allowance may only be paid in exceptional circumstances, with clear and objective evidence that:

- if any, there is a national shortage of these skills
- There is a risk/ impact to the Council of a shortage these skills
- there is a real business need to recruit staff in a 'hard to fill' post at Director or Corporate rector level;
- a market supplement would not be sufficient for effective recruitment and retention purposes.
- the Council's remuneration package is significantly below the market median rate for the role (i.e. the total remuneration package provided by other employers in employment market benchmarking)
- the problem cannot be resolved through the Council's job evaluation process in the first instance;
- it can be shown that 'non-pay' measures will not resolve the problem.

14.4 The Special Occupational Scarcity Allowance is contractual and therefore not subject to a review period.

14.5 An equalities impact assessment must be undertaken on the Council Equality Impact Assessment (EQIA) template.

15. The procedure for approving Special Occupational Scarcity Allowance

15.1 Where a Special Occupational Scarcity Allowance is sought, a business case with employment market benchmarking, clear objective evidence supporting the criteria set out in paragraph 14.2 above must be provided with a clear rationale for objective justification of the payment.

15.2 An equalities impact assessment must be undertaken on the Council Equality Impact Assessment (EQIA) template

15.3 The Appointment and Disciplinary Committee will consider, and agree where appropriate each business case and EQIA for a Special Occupational Scarcity Allowance.

Appendix 1: Market Supplement – Business Case and Application template

NOTE: A Market Supplement application can only be made by a Head of Service. Individual employees or groups of employees may not apply for a Market Supplement. Please ensure you have read the Market Supplement Policy before completing this application.

1. **The Position for which the Market Supplement is requested/being applied for:**

| | |
|--|--|
| Post title: | |
| Service Area: | |
| Directorate department /Division: | |
| Evaluated grade and salary range: | |

2. **The issue:**

Please outline the recruitment/retention difficulties? For example, recruitment difficulties, the number of advertisement attempts, where advertised; vacancy rates etc.

| |
|--|
| |
|--|

Please list all non-financial incentives that have been unsuccessfully promoted/ utilised to address the recruitment/ retention issues.

| |
|--|
| |
|--|

3. **The Market Supplement**

3.1. **Please provide details of the supplement applied for and how this has been calculated:**

| | | |
|---|-------------------|------------|
| The annual value of the Market Supplement (per employee) Note this will be paid in equal monthly instalments Name of employees affected grades and Spinal points: | | |
| | | |
| | | |
| The duration (<u>2 years</u> no more than 12 months): (<u>note: if requesting up to 3 years, a clear rationale for this duration is required in section 5</u>). | | |
| Fixed period only or reviewable: | Fixed period only | Reviewable |

3.2. **Financial implications:**

| | |
|---|--|
| The annual value of the Market Supplement (per employee): | |
| The number of employees to receive the supplement: | |

| | |
|--|--|
| Total costs (per annum/duration) including on costs | |
| Anticipated savings e.g. the agency cover currently used | |
| Please specify and include any other financial comments: | |

4. Equalities Impact Assessment (EQIA):

Attach a completed Equalities Impact Assessment (EQIA) Are there any issues identified through the EQIA an equalities impact or other assessment? - Are there any other jobs which might fall within the scope of the supplement ? How are these being addressed?

5. The business case for a Market Supplement

Please make your case for the Market Supplement. Your case must include details of how the market rate was established and evidence must be provided in Section 6 below. If you are seeking a market supplement of over 2 years (up to 3 years) in duration, please provide the rationale.

For example:

...recruitment difficulties...evidenced by vacancy rates and unsuccessful recruitment exercises [provide evidence] is believed to result from an uncompetitive total remuneration package. The market rate has been established as [£] evidenced by [...]. The application of a Market Supplement [£] would bridge the gap between the evaluated salary and the market rate The Market Supplement would be applied in equal monthly instalments of [£]. Filling the vacant posts is expected to save the Council [£] as it would no longer rely on expensive agency cover. The agency costs are [£] while the remuneration package, including the Market Supplement, would be [£]. In addition, the following service benefits will add value... I can confirm that non-pay benefits have been publicised and did not resolve the recruitment difficulties. It is expected that the market value (as stated above) will remain the position for at least the next 12 months at which point the Market Supplement will be reviewed.

6. Evidence

Please attach the necessary bench marking data and other evidence. ~~At least 2 reliable sources are required~~

Please find attached:

- 1.
- 2.

3.

For example:

1. Vacancy rates Benchmarking data (refer to paragraph 8 in Market Supplement Policy and Procedure)
2. Failed recruitment attempts [details on when, where advertised, response rates, advert texts]
3. Job Role Profiles/ JDs and adverts from at least two neighbouring boroughs who successfully recruited
4. Annual cost of agency cover
5. Benchmarking Vacancy rates

7. Requestor * Head of Service or above

| | |
|---|--|
| Name: | |
| Post title: | |
| Service Area: | |
| <u>Directorate</u> department/Division: | |
| Date of application: | |

As agreed by Director / CorporateExecutive Director:

| | |
|------------|--|
| Name: | |
| Signature: | |
| Date: | |

8. Authorisation process

| | |
|---|---|
| <ul style="list-style-type: none"> • The Market Supplement applied for has been agreed • The Market Supplement has not been agreed • The Market Supplement has been agreed in part | ✓ |
| Please specify: | |
| <ul style="list-style-type: none"> • A different Market Supplement has been agreed | |
| Please specify: | |

Chief People Officer

| | |
|-------|--|
| Name: | |
|-------|--|

Signature:

| |
|--|
| |
|--|

Date:

| |
|--|
| |
|--|

For market supplements over 20% of basic salary, and/or where there is a collection of the same posts

CMT approval

| |
|------------|
| <u>Y/N</u> |
|------------|

Date:

| |
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Comments:

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Appendix 2: Market Supplement – Business Case Review Application template. Please complete an application for each for Market Supplement review.

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| Date the Market Supplement was introduced: | |
| Date of this review: | |

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|------------------------------------|--|
| Post title: | |
| Name(s) of employee(s) in receipt: | |
| Service Area: | |
| Directorate/Department/Division: | |
| Evaluated grade and salary range: | |

Evaluation

Has the Market Supplement achieved the desired results? Please explain below

| |
|---|
| For example: |
| <p><u>Objectives:</u> The Market Supplement was introduced in order to address recruitment difficulties as evidenced by vacancy rates and unsuccessful recruitment exercises. The market rate established as [£] and the Market Supplement (at the value of [£]) was applied to bridge the gap. Filling the vacant posts was expected to save the Council [£] as expensive agency cover would no longer be required. In addition, the following service improvements were expected....</p> <p>The Market Supplement was put in place on [INSERT DATE]; last reviewed on [INSERT DATE]; and has been in operation for [INSERT NUMBER] months.</p> <p><u>Evaluation:</u> As at [INSERT DATE] the vacancy rate is [INSERT AMOUNT]. The Council has successfully appointed [INSERT NUMBER] people. The agency spend has been reduced by [INSERT NUMBER] which has resulted in a net saving of [£]. The Council has also realised the following service improvements...</p> <p>The Market Supplement has successfully resolved the recruitment and retention issues and saved costs.</p> |

Review

1. Current market rate

What is the current market rate and how was this established?

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| For example: |
| Benchmarking with other local authorities/employers shows that the market rate is [£] for similar roles... |

2. Evidence

2.1. Please attach the relevant benchmarking data and other evidence. ~~At least two reliable sources are required~~

Please find attached:

- 1.
- 2.

For example:

1. Benchmarking exercise with other authorities/employers for jobs with a similar job description.

2.2. Pay levels

Have there been any changes in how the post is rewarded:

2.1 Evaluated grade and salary range:

2.2 Non pay benefits:

Please specify:

3. Equalities Impact Assessment (EQIA):

Attach a completed Equalities Impact Assessment (EQIA). Are there any issues identified through the EQIA? Are there any issues identified through an equalities impact or other assessment? How are these being addressed?

4. Recommendation

Having assessed the current market position and the evaluated grade, my recommendation is that:

- The Market Supplement is removed
- A Market Supplement should continue as follows:

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|---|
| ✓ |
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If the Market Supplement is to continue at the same or a different rate (including in an amended form) please provide the rationale below. make a continued business case for the Market Supplement below.

| |
|---|
| For example: |
| National benchmarking surveys show the skills required for this job are in short supply in the market. Benchmarking with other local authorities shows that the market rate is [£] for similar roles... The Market Supplement was introduced in order to address recruitment difficulties and expensive agency costs and it is expected that if the evaluated grade is paid without a supplement, then the recruitment and retention difficulties would return. The service would have no alternative than to pay expensive agency costs to meet service needs. It is therefore recommended that a Market Supplement (adjusted to reflect the current market rate) is paid. |

5. The Market Supplement and Financial implications

Please provide details of amended values of the Market Supplement; and any financial implications.

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| Financial comments: |
| |
| For example: |
| It is proposed that the Market Supplement is amended to [£] to be paid in equal monthly installments. The amended supplement has been adjusted to reflect the current market rate. Other boroughs are advertising for similar posts at this rate and it is expected that we would lose staff if we discontinue the supplement. |
| The total expenditure for 12 months supplement is [£]. |
| The agency costs for appropriately skilled workers to provide cover for vacancies is estimated at [£]. It is expected that the Market Supplement represents a saving for the Council; and offers service benefits as follows: |
| Financial comments: |
| The Market Supplement has been budgeted for across the next (INSERT NUMBER) months. |

6. The Reviewing Officer – Head of Service or above

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|---|--|
| Name: | |
| Post title: | |
| Service Area: | |
| Directorate department / Division: | |
| Date of review: | |

As agreed by Director / CorporateExecutive Director:

| | |
|------------|--|
| Name: | |
| Signature: | |

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|-------|--|
| Date: | |
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7. Authorisation

| | |
|---|---|
| <ul style="list-style-type: none"> • The Market Supplement applied for has been agreed • The Market Supplement has not been agreed • The Market Supplement has been agreed in part | ✓ |
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| Please specify: | |
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|---|--|
| <ul style="list-style-type: none"> • A different Market Supplement has been agreed | |
|---|--|

| | |
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| Please specify: | |
| | |

Chief People Officer Director of Human Resources

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| Name: | |
| Signature: | |
| Date: | |

For market supplements over 20% of basic salary, and/or where there is a collection of the same posts

| | |
|---------------------|--------------|
| <u>CMT approval</u> | <u>Y / N</u> |
| <u>Date:</u> | |
| <u>Comments:</u> | |

Appendix 3: Special Occupational Scarcity Allowance (SOSA) – Business Case and Application template

NOTE: A Special Occupational Scarcity Allowance may be applied to Corporate Directors and Directors only, where in exceptional circumstances payment can be objectively justified. Please ensure you have read the Special Occupational Scarcity Allowance paragraph in the Market Supplement Policy and Procedure before completing this application.

9. Position for which the SOSA is requested:

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| <u>Post title:</u> | |
| <u>Service Area</u> | |
| <u>Directorate/Division:</u> | |
| <u>Evaluated grade and salary range:</u> | |

10. The issue:

Please outline the recruitment/retention difficulties:

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Please list all non-financial incentives that have been unsuccessfully promoted/ utilised to address the recruitment/ retention issues:

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11. SOSA payment

11.1. Please provide details of the SOSA and how this has been calculated:

The annual value of the SOSA

Note this is contractual and will be paid in equal monthly instalments

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11.2. Financial implications:

The annual value of the SOSA

Please specify and include any other financial comments:

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12. Equalities Impact Assessment (EQIA):

Attach a completed Equalities Impact Assessment (EQIA) Are there any issues identified through the EQIA? How are these being addressed?

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13. The business case for the SOSA

Business case must include employment market benchmarking data and rationale for objectively justifying a payment in exceptional circumstances.

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14. Evidence

Please attach the necessary bench marking data and other evidence relevant to the application

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15. Requestor (must be grade above post for which SOSA is requested)

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|------------------------------|--|
| <u>Name:</u> | |
| <u>Post title:</u> | |
| <u>Service Area:</u> | |
| <u>Directorate/Division:</u> | |
| <u>Date of application:</u> | |

16. Authorisation process

Corporate Director / Chief Executive:

| | |
|--------------------|--|
| <u>Name:</u> | |
| <u>Post title:</u> | |
| <u>Signature:</u> | |
| <u>Date:</u> | |

Comments

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Chief People Officer

Name:

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Signature:

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Date:

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Comments:

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Appointments and Disciplinary Committee

Appointments and Disciplinary
Committee (ADC) approval

Y /N

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Date:

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Comments:

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