**Market**

**Supplements**

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| Version Control | Changes Made | Author |
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# [I](http://www.intouch.ccc/elibrary/Content/Intranet/536/671/5053/6001/41410105256.doc)ntroduction

The Council’s resourcing strategy is aimed at maintaining a high calibre workforce with the skills, competencies, knowledge and experience to deliver a diverse range of excellent services and to meet its many objectives. This Market Supplement Scheme is one of a range of initiatives available to managers within the resourcing strategy aimed at resolving recruitment and / or retention difficulties.

There are times when the Council’s grading and pay of a post does not match the market rates and that results in the inability to successfully recruit or retain staff. In such cases it may be appropriate to pay a market supplement in addition to the salary to ensure that the essential post is filled. The Council is committed to the principles of equal pay for work of equal value and uses job evaluation and job families to measure the relative values of all jobs. However a market supplement is lawful under the Equality Act 2010 where there is evidence to justify that market factors are the “material factor” for the post attracting a higher rate of pay than other posts graded similarly.

The appropriate application of this procedure will help to ensure that the Council retains the flexibility to award incentives to recruit and retain staff in areas where there are particular difficulties. It is not designed to reward individual performance and anticipation of a problem or the potential resignation of a key individual is not enough evidence to warrant a market supplement.

The objectives of this scheme are to ensure that the Council:-

* Recruits and retains the best staff for each post in an externally competitive market but in an internally fair manner.
* Complies with equal pay legislation and is not discriminatory in applying a market supplement to a post.
* Provides a fair and transparent system for considering payments of a market supplement where a recruitment and/or retention problem has been identified.

[Scope](http://www.intouch.ccc/elibrary/Content/Intranet/536/671/5053/6001/41410105256.doc)

This scheme is designed to regulate the use of market supplements, and is available to all posts within Cumberland Council. The payment of a market supplement is a temporary measure and is not a contractual right.

[**Principles**](http://www.intouch.ccc/elibrary/Content/Intranet/536/671/5053/6001/41410105256.doc)

**For recruitment purposes,** payment is designed to be a one off incentive payment to attract candidates. It should not normally be paid until after the employee has successfully completed the probation period.

**For retention purposes,** payments are in addition to the salary as a supplement to the spinal column point (SCP) of the grade and made for a specified period to retain employees where it can be demonstrated that difficulties in replacing staff will cause essential skills shortages that will prevent effective business operations.

In either case, any proposed use of this facility will only happen after alternative, acceptable ways of recruiting and retaining staff have been explored. Therefore it is expected that the use of the supplement will be in exceptional circumstances only and therefore will be extremely rare.

Any case for the payment of a Market Supplement must be properly justified, with supporting evidence of pay-related recruitment and retention difficulties against a range of indicators, for example:-

* Abnormally high turnover rate of staff.
* Low number of suitable applicants for jobs / evidence of a national shortage.
* Negative exit interview feedback.
* Unsuccessful recruitment initiatives explored/exhausted.
* Inadequate staffing levels in order to ensure service delivery.
* Changes to organisational / working arrangements have not resolved the issue.
* Low risk impact on both cost implications and on other relevant existing staff.

In addition to the criteria above, account should be taken of the wider employment context applicable to the occupational group and whether the payment of a Market Supplement will address the particular underlying issues or whether alternative / additional actions are required. For example:-

* Are the difficulties an indicator of other issues of concern within the service / occupational group which can be more appropriately resolved by other management action and/or non-pay measures?
* Is there a specific, regional or national shortage for which longer term initiatives such as new / alternative training schemes (for example Apprenticeships, Vocational training, Social Worker Academy, Career Grades) would be a more appropriate solution?
* Are the non-reward benefits sufficiently promoted e.g. annual leave, flexible working etc.
* Are there more appropriate ways of resourcing / delivering the service rather than through an in-house workforce?

The level of the Market Supplement should be proportionate and assessment should include market-based salary comparisons with competing local or regional employers (public and / or private sector as appropriate) ensuring that there is a valid comparison between the posts, i.e. the same in terms of duties and responsibilities, and assessment of differences in the terms and the overall reward package.

Where a Market Supplement is agreed for a post, which is identical to another / other posts, these post holders may be eligible for the same payment depending on the rationale and circumstances. For example if the geographic location of a job is a factor the market supplement will not be paid to others in the same role but outside of that specified area.

Managers will need to ensure that there is sufficient budget available to pay the supplement and to include the total cost, including on costs, for each future year that it is anticipated the supplements will apply. They are not envisaged to be long term payments. Time limits for the payments must be specified.

Monthly Market Supplements will be paid in addition to the individual’s normal salary and will be subject to the normal income deductions such as tax, national insurance and pension contributions if applicable. The supplement will be shown separately on the employee’s payslip. Pro rata payments will apply to part time employees.

Market supplements will be:

* Stopped or reduced if the employee changes their job or grade.
* Stopped or reduce if the market factors change and the supplement can no longer be justified.

If an employee is in receipt of pay protection this must not exceed the total pay for the job including the market supplement. Other payments e.g. sessional payments or payments for working non-standard, where applicable, will be based on the basic pay and not on the Market Supplement pay level.

As Market Supplements are designed to recruit and retain employees they should not be paid to temporary or fixed term employees or casual workers.

A Market Supplement may be reduced or removed following a review process.

Payment of a Market Supplement is subject to an employee remaining in post for a specified period normally three years from the commencement date of the supplement agreement. If an employee decides to leave their employment with the Council, repayment of the supplement will be required if this is within the 3 years of the last payment. Repayment will not be required if the reason for leaving the post is redundancy or redeployment as an alternative to redundancy. Repayment will be deducted from the final salary and any outstanding amount must be repaid to the Council within 28 days of the date of termination. Appendix 2 must be used as the ‘agreement’ between the Council and the employee.

**Roles and Responsibilities**

**Managers / Directors will:**

* Review recruitment activity in line with the Market Supplement scheme where posts within their directorate are proving difficult to fill.
* Consider alternative ways of managing the recruitment and retention difficulties or assess whether services can be delivered in a different way.
* Gather the documentary evidence for justifying market supplements.

Assess:

* the need to retain employees on the basis of their skills, competencies and experience,
* the potential detrimental impact on service delivery
* the availability of these skills.
* Complete the approval process detailed in Appendix 1, before publication.
* Apply the provisions of this scheme fairly and consistently in line with current legislation, best practice and equal pay principles.
* Complete the Agreement (Appendix 2) and ensure the employee signs the agreement. Once you have received the signed copy attach it to a ticket on the HR admin portal so it can be placed on the individuals personal file and payments may start.
* Keep the payment of supplements under review and regularly update the evidence.
* Give the relevant employee(s) 3 months’ notice of either a cancellation or a proportional reduction in their Market Supplement payment where it can no longer be justified.
* Inform HR admin so that adjustments to pay can be made when either the market supplement should end or be changed. (Including where an employee is absent on long term sickness).

**Employees will:**

* Sign and accept the agreement (Appendix 2) stating that if they leave the Council within a specified period they must repay the total amount of the supplement. The normal period will be for three years unless there is a specific scheme in place e.g. Social Worker Academy.

**Human Resources will:**

* Assess the evidence / rationale to ensure the market supplement is justified and the Senior Manager, HR will make the final decision, except where authorised by CMT.
* Check that a review process has been conducted at least annually to ensure that ongoing payments are still appropriate. Payments cannot be increased without a further approval process.

**HR admin will:**

* Ensure that a signed agreement has been received from the manager before starting the payments for the Market supplement. The Market Supplement agreement will be put on the individuals personal file.
* Pay the market supplement either as a one off recruitment payment or as part of monthly pay showing the supplement as a separate payment on the payslip.
* Ensure the payment is subject to the usual tax, NI, Pension and other relevant deductions as appropriate.
* Stop payments at the end of the specified period.
* Provide regular reports to management (as part of the Management Information) to ensure continued review of the payments.

**Appendix 1**

**APPLICATION FOR THE PAYMENT OF A MARKET SUPPLEMENT**

**Approval Process**

The hiring manager should complete this approval form and submit it to their Assistant Director ensuring that they have gathered and can supply all the relevant documentary evidence as detailed in the application form below. In cases where large numbers of employees may be involved or where the supplements are part of a package of recruitment and retention initiatives, a full report to CMT may be necessary as an alternative to this application process. The report must cover the essential information to ensure the supplements are justified.

The application should be considered by the Directorate DMT and then approved and signed by the appropriate Director. The final decision will be made by the Senior Manager, HR, to ensure that all issues of fairness and corporate consistency are taken into account.

The total costs of payments (including on costs as market supplements will be considered as pay for pension, NI and tax purposes) will be met by the employing directorate from within existing / available resources.

Payments will be made through the HR admin payroll system and will be subject to the appropriate statutory deductions. They will however be clearly identified as a separate payment from the substantive salary.

The payment of Market supplements will be included in the monthly Management Information.

**Managers must review these payments regularly and inform HR admin when the Market Supplement should cease.**

**PART ONE - To be completed by the manager:**

**1. POST DETAILS**

|  |  |
| --- | --- |
| **Post:** |  |
| **New / Existing Post:** |  |
| **Post Group Number:** |  |
| **Number of staff in this post:** |  |
| **Directorate:** |  |
| **Service Area:** |  |
| **Grade / Job Family /Job Family Level**  **Salary:** |  |
| **Total Amount of Market Supplement and period of payment e.g. one off or one year:** |  |
| **Time limit / end date for the payment:** |  |
| **Budget Implications / Source of funding:** |  |
| **Date of Application:** |  |

**2. JUSTIFICATION FOR PAYMENT**

The application for a Market Supplement must be fully supported and evidenced by completing the following:-

|  |
| --- |
| **1. Describe the job or group of jobs for which payment is proposed, include:**  **• post title and brief outline of responsibilities**  **• Position in structure** |
|  |
| **2. Describe the evidence of pay-related recruitment and retention difficulties e.g. number of times the post has been advertised / different advertising methods used**  **• number of responses to job advertisements**  **• turnover rates in the particular occupational group**  **• qualitative / quantitative assessment of applicants** |
|  |
| **3. Detail other measures explored e.g. changes to organisational / working arrangements and / or new longer term resourcing solutions** |
|  |
| **4. Specify how the payment is essential to maintaining adequate staffing levels to ensure service delivery?** |
|  |
| **5. Explain the impact the payment will have on other staff and how this effect will be managed** |
|  |
| **6. Detail how the amount of the market supplement has been determined e.g. what market data (benchmarking) has been used and what calculations have been used.** |
|  |

**3. PAYMENT AMOUNT AND TYPE**

How will this be paid? (Complete either recruitment incentive or retention payment box below):

1. **Recruitment Incentive:**

|  |  |
| --- | --- |
| **Amount:** | £ |
| **Date of payment (normally after successful completion of the probation period):** |  |

1. **Retention Payment:**

|  |  |
| --- | --- |
| **Monthly Instalment amount:** | £ |
| **Start Date of Payments:** |  |
| **End date of payments:** |  |

**4. MANAGER’S SIGNATURE**

I agree that a market supplement is appropriate in this instance and that all other avenues as per the scheme have been explored appropriately.

|  |  |
| --- | --- |
| **Signature of Manager:** |  |
| **Date:** |  |
| **Post:** |  |

Once you have completed this section of the form, please pass it to your Assistant Director for presentation and consideration by the Directorate DMT. This is essential to ensure consistency and fair pay.

**PART TWO - DIRECTORATE DMT APPROVAL**

I agree that a market supplement has been considered by DMT and is appropriate in this instance and that all other avenues have been explored appropriately.

|  |  |
| --- | --- |
| **Signature of Director on behalf of DMT:** |  |
| **Date:** |  |
| **Directorate:** |  |

Please pass this to the Senior Manager, HR for final approval and signature.

**Part Three - HUMAN RESOURCES AGREEMENT TO MARKET SUPPLEMENT**

I agree that a market supplement is appropriate and justified in this instance and that all other avenues as per the scheme have been explored appropriately.

|  |  |
| --- | --- |
| **Signature of Senior Manager, HR:** |  |
| **Date:** |  |
| **Date Considered by CMT if applicable:** |  |

**Part Four - ADMINISTRATION**

**HR:**

|  |  |
| --- | --- |
| **Date Manager informed of decision (and given copy of the completed approval form):** |  |
| **Effective date of payments:** |  |

**Manager:**

|  |  |
| --- | --- |
| **Date affected employees notified where appropriate:** |  |
| **Date(s) Appendix 2 signed by relevant employees:** |  |
| **Date HR Admin notified of the changes to pay and given copies of agreements (through the HR admin portal):** |  |

**Appendix 2**

**Agreement between CUMBERLAND COUNCIL (“THE Council”), and ………………. (the employee) relating to payments of a Market Supplement.**

1. The Council has determined that your post is entitled to the benefit of a Temporary Market Supplement Payment for [*recruitment* or *retention] (managers need to specify which)* purposes.
2. The market supplement payment is linked to your employment as …………………… in the ……..……………Directorate. The commencement date for this agreement is …………………………
3. The Council agrees to pay you a Market Supplement either as a one off recruitment incentive or a time limited monthly retention payment as follows:
4. **Recruitment Incentive:**

|  |  |
| --- | --- |
| **Amount:** | £ |
| **Date of payment (after successful completion of the probation period):** |  |

1. **Retention Payment:**

|  |  |
| --- | --- |
| **Monthly Instalment amount:** | £ |
| **Start Date of Payments:** |  |
| **End Date of payments:** |  |

\*Delete as appropriate

1. Payment of a Market Supplement is subject to you remaining in post for 3 years from the commencement date of the supplement agreement. If you leave within this period full repayment of the supplement will be required. Repayment will be deducted from your final salary and any outstanding amount must be repaid to the Council within 28 days of the date of termination.
2. Payments under this scheme will not form part of your contractual salary. However payments will be subject to statutory deductions and pensions contributions (where you are a member of a relevant pension scheme).
3. Payments will be taken into account for Maternity / Adoption / Sickness and Annual Leave pay where applicable to the relevant qualifying period.
4. If you work part time payments will be made on a pro-rata basis.
5. Where the payment is monthly it will be regularly reviewed (at least every 12 months) and if market conditions change and the supplement can no longer be justified, the payment will cease with 3 months’ notice. The amount may also be reduced depending upon a reassessment and review of the payment.
6. The market supplement will either cease or be proportionally reduced with immediate effect if your circumstances change (which lasts more than one month) e.g. a change of job or grade.

I understand and accept the basis on which a market supplement is paid and accept that it may be reduced or stopped with 3 months’ notice where it can no longer be justified.

I also agree that if I leave the council within 3 years from the commencement date of this supplement agreement. I will have to repay the market supplement paid to me as shown below:

|  |  |
| --- | --- |
| Timescale – Leaving | Percentage amount to be Repaid |
| Within 12 months | Full Repayment |
| Between 12 – 18 months | 75% |
| Between 18 – 24 months | 50% |
| Between 24 – 36 months | 25% |

Signed ………………………………………… Date ……………………………………… (Employee)

Signed ………………………………………….Date …………………………………….. (Manager)

N.B. Manager to copy completed agreement to the HR admin.