



Market Supplement Policy and Procedure

Statement of Purpose

Market Supplements are recognised as being a useful measure to ensure effective recruitment and to aid retention of key employees. They do this by temporarily addressing a mismatch between the internal grading structure and the external market.

This policy will support the implementation of Job Evaluation and act as the mechanism by which equal pay issues and the integrity of the grading structure are maintained.

Scope

This policy will apply to posts within the parameters of Job Evaluation phase 1, phase 2 and phase 3. This policy applies to all Shropshire County Council employees, other than those employed by schools for whom a separate policy will apply.

This policy is subject to review after the confirmation of the Single Status final agreement.

Definition

Market Supplements are additional payments paid where a particular skill, specialism or qualification attracts a higher rate of pay in the labour market than is attributed to the job through job evaluation.

Market supplements are payable in addition to basic salary but form part of the pensionable pay. They are detailed separately in the offer of appointment/amendment to terms and conditions. This makes it clear that this is in addition to the rate recommended for the job through job evaluation.

Roles and Responsibilities

Managers will be required to provide objective evidence in accordance with the attached guidance that the current market salary rate for the job, in comparable sectors and at comparable levels, is higher than the evaluated rate for the job

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and therefore recruitment and retention of suitably qualified and/or experienced applicants is difficult and is having a detrimental effect on the service.

Approval to apply a supplement for posts below PO17 lies with the Head of HR & Development and the Corporate Director/Head of Service of the recruiting area. For posts at PO17 and above approval will also be needed from the Chief Executive.

Review

Where market supplements are being paid this will be checked every year to establish whether there have been any changes in the labour market in respect of salaries for particular posts and skill sets. This may result in an increase or decrease in value or the removal of the market supplement. If the supplement is reduced or removed the postholder will be afforded one year's protection on the rate of pay.

Supplements will also be reviewed when a post holder leaves a unique post (i.e. a post where the only post holder is the person leaving) prior to the end of the formal review period. The review will form part of the recruitment process.

Application of payment

The following is an example of how a market supplement fits with other pay principles using the preferred option of re- alignment onto a comparable grade point.

An additional number of spinal column points are applied to put a total package within the defined salary grade.

e.g.

Post is evaluated at Grade 8 scp26-28 (£20,895-£22,293 @ 1/4/06)

Evidence is provided to show a market supplement of £2000 would be required:

Appointed on top of grade + additional monetary value of £2000+

=£24,708 (comparable scp31) so Grade 8+3.

(See also the attached guidance)

Approval Body

CMT - 19 March 2007

EJCC – 25 April 2007

Review Arrangements

This policy is subject to review after the confirmation of the Single Status final agreement. The policy will be reviewed by the Head of Human Resources and Development in April 2009 and subsequently on a bi- annual basis.

Guidance For Managers and HR Colleagues on compiling a case for Market Supplements

Initial consideration of comparison group to be used

- 1 Sector- comparability in size/reputation
Are the comparators within similar fields, eg public sector versus private sector.
- 2 Location -Are there national pressures resulting in a demand for the particular skills or are demands locally driven due to a high concentration of comparable industry sector employers based within a reasonable travelling distance of the employing location.

Evidence

Use information gathered locally and/or nationally within the press, trade/professional papers, job centres and recognised expert surveys such as Hay and Towers Perrin etc on:

- *the number of local vacancies*
- *the rate of pay, and nationally in, professional bodies*

Use details below to narrow down the group of comparators

- 1 Employer details:
Is the employer a reputable and ethical entity?
Is the salary artificially inflated by and the expectation that employees will work outside legal parameters, or within a culture of long hours and poor support.

Provide Evidence on the following:

Literature produced by the company (or lack of)

Trade/press reports and Awards such as IIP, quality awards or similar

Basic Salary

Current basic and range of the salary.

Additional payments

Include London weightings/career progression ie guaranteed pay elements rather than results or performance driven.

Job Details

The criteria for the job such as:

- job descriptions & person specs
- size of team
- budgets managed
- qualifications/experience required.

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- scope of job
- management structure

Other financial benefits –

- Car
- Mortgage
- health scheme
- profit share.

Where these form part of the package it must be demonstrated that there are no qualifying criteria, and that any employee could reasonably expect to have access to some or all of these benefits. An estimation of the cash equivalent will be required where a comparable benefit is not offered by local authorities.

Training and other flexible benefits

- In house or funded training
- Flex time
- Nursery or crèche facilities
- Discounts on products and services.