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# Market Forces Supplement

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## **Policy Statement**

- 1.1 Ceredigion County Council is committed to ensuring that all employees receive equal pay for work rated as equivalent.
- 1.2 In so doing the Council recognises that it may be necessary from time to time to apply a market force supplement to the assessed grade of a job. Usually this will be as a result of a skills shortage in the jobs market (local or national) or because the market rate for a particular skill set is higher than that determined by local job evaluation and the pay and grading structure.
- 1.3 It is clear that whilst the process of job evaluation will offer outcomes that satisfy equal pay considerations there are potential difficulties for some posts in terms of recruitment & retention. Although meeting the Equal Pay provisions the rate of pay for certain posts may compare unfavourably with a similar post elsewhere.
- 1.4 Where this is the case, a supplement may be added to the grade of the job. Supplements shall be clearly expressed as such in employment documents. Annual reviews will be applied on the anniversary of the implementation of the supplement. Market force supplements may be withdrawn subject to written notice of not less than 3 months.
- 1.5 The purpose of this Policy is to ensure that the attachment of market supplements to posts are properly considered and implemented on a consistent basis.

## **2. Objective Justification**

- 2.1 If the pay of a particular job is to be enhanced to reflect market conditions it is necessary to demonstrate that there are 'objectively justified grounds', i.e. that recruitment and retention difficulties exist in relation to the job(s) concerned which would result in actual or foreseeable organisational and/or operational problems.
- 2.2 Equal Pay considerations should be taken into account and the possibility of an equal pay challenge assessed. The Council will not be able to rely on the fact that the market suggests that certain jobs, usually done by women are paid less than jobs usually done by men because the market rate may itself be based on discriminatory assumptions. The overriding principle of the decision must be based on what the Council needs to pay to get the person needed to fill the vacancy.
- 2.3 Other considerations when making this decision should also be taken into account such as operational issues and the reputation of the Council which may suffer if key services are not fully staffed.

- 2.4 In addition there is a need to show that the comparator job is substantially the same in terms of duties and responsibilities and that there are no material differences in the overall reward package i.e. holiday entitlement, sick pay scheme, flexible working arrangements. These are not cash rewards but could account for the lower rate of pay.
- 2.5 The application/renewal/withdrawal, of a market force supplement is subject to approval of the relevant Head of Service, in consultation with the Group Manager – Human Resources.
- 2.6 Market force supplements will apply equally to all staff in the particular job (or specialist area). Costs will be met from the relevant service area.

### **3. Evidence**

- 3.1 The business case for such supplements has to provide objective justification with supporting evidence. Anecdotal evidence is not sufficient.

Types of evidence include:

- salary benchmark data, what is the 'going rate' for the job?
- evidence of any recent (unsuccessful) recruitment processes, e.g. How has the post been advertised in the past? Has the correct media been used? What is the response rate to adverts? What is the turnover rate for the post?
- the level and overall cost of the recommended supplements,
- any alternative measures that have been, or could be, considered, e.g. could the post be remodelled to deliver the service required?
- the operational and/or reputational risks
- details of any perceived detrimental impact on service delivery of failure to recruit (or retain) the right calibre of employee(s).
- details of any potential knock on effects and how they might be resolved, e.g. maintenance of pay relativities between posts within a section or work group

### **4 Payment**

- 4.1 Having obtained the necessary pay data, an assessment will be made as to whether a market supplement needs to be applied and, if so, the actual value of the supplement.
- 4.2 Each application is to be dealt with on a case-by-case basis and will require objective justification using the pro forma shown in Appendix I and II, before approval by the relevant Head of Service.
- 4.3 The market supplement will be kept separate from the agreed rate of pay for the post. This must be made clear when undertaking recruitment to vacant posts and also upon the recruitment of successful candidates. Employees need to understand that the market supplement payment can vary year on year or cease completely.

- 4.4 Employees occupying or appointed to posts that attract a market supplement will be given written confirmation detailing the amount of the payment, the arrangements for review and how any subsequent changes will be implemented. A standard letter for this purpose can be found at Appendix III.
- 4.5 Payment will be as an allowance in addition to the monthly salary and (as it is based on incremental points) will be subject to annual cost of living pay awards. As it forms part of an employee's pay it will be pensionable.
- 4.6 Where appropriate, supplements will be paid pro-rata to the hours worked.

## **5. Calculation of a Market Supplement**

- 5.1 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 & retention/operational difficulties but which is not excessive and can be justified in terms of salary paid to the comparator jobs in the market place.
- 5.2 The purpose, justification and extent of any market supplement must be transparent, and records must be maintained to demonstrate this, so that the Council can respond effectively to any challenge regarding the rationale for such a payment.

## **6. Timescales**

- 6.1 In order to ensure the continued fairness and equity of the pay structure and that the payment is still justified and appropriate, supplements will be subject to annual review.
- 6.2 Following the review a decision should be made by the Head of Service in conjunction with the Job Evaluation Team and the appropriate Trades Union as to whether to withdraw the supplement from the post(s) concerned, retain the supplement at its current value, or adjust the amount to be paid.
- 6.3 Market force supplements may be withdrawn subject to written notice of not less than 3 months.

## **7.0 Appeal**

- 7.1 An employee may believe that full consideration relating to the application / renewal / withdrawal of a supplement has not been given and may want to appeal this decision.
- 7.2 To appeal, an employee must write to the Chief Executive, setting out the grounds for the appeal within 14 days after receiving written notice of the decision on the entitlement, or variance, to the supplement.

- 7.3 The Chief Executive must arrange a meeting with the employee to discuss the appeal within 14 days of the written appeal letter. The employee has a right to be accompanied at this meeting. After the meeting has been held the Chief Executive will write to the employee within 14 days notifying the employee of the outcome of the appeal.
- 7.4 If it is not possible to respond within that timescale the employee should be given an explanation for the delay and told when a response can be expected, but no longer than a further 14 days.
- 7.5 This acts as written notice of the appeal outcome and constitutes Ceredigion County Council's final decision and is effectively the end of the formal procedure within the workplace.
- 7.6 An employee who fails to attend the appeal meeting without notification should contact the Chief Executive as soon as possible to explain their absence. The Chief Executive should rearrange the meeting at the next mutually convenient time. It is important that reasonable notice of the meeting is given. If the employee fails to attend a meeting more than once and does not provide a reasonable explanation, the application will be treated as having been withdrawn. In such circumstances, the Chief Executive will write to the employee confirming that the application is now considered withdrawn.

## **8.0 Right of Accompaniment**

- 8.1 Employees have the right to be accompanied by their Trade Union Representative or work colleague at any meetings arranged to discuss the withdrawal of a supplement or subsequent appeal.
- 8.2. If the person accompanying the employee is unable to attend the meeting, the employee should re-arrange the meeting for a date within 7 days of the originally proposed time, ensuring the new time is convenient to all parties; or, consider an alternative individual to accompany the employee to the meeting.

**CEREDIGION COUNTY COUNCIL**

**Market Supplement Approval Form**

Directorate: \_\_\_\_\_

Service Area: \_\_\_\_\_

Manager: \_\_\_\_\_

Date: \_\_\_\_\_

Post to be paid supplement

Post title: \_\_\_\_\_

Post ID: \_\_\_\_\_

Justification for Request:

Amount of supplement to be paid: \_\_\_\_\_

Potential knock on effects: \_\_\_\_\_

\_\_\_\_\_

Approved by the Head of Service: \_\_\_\_\_ Yes / No

Signature of Head of Service: \_\_\_\_\_ Date: \_\_\_\_\_

Date of annual review: \_\_\_\_\_

**Review of Market Supplement Payments**

Service Area: \_\_\_\_\_

Date of Review: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

Details of Current Supplement Payments:

Post title: \_\_\_\_\_

Post ID: \_\_\_\_\_

Review findings

Recommendation:

\_\_\_\_\_  
\_\_\_\_\_

Amount to be paid: (if applicable) \_\_\_\_\_

Approved by the Head of Service: Yes / No

Signature of Head of Service: \_\_\_\_\_ Date: \_\_\_\_\_

Date of next review: \_\_\_\_\_

Dear

**PAYMENT OF MARKET RATE SUPPLEMENT**

I am writing to confirm that your Head of Service has agreed that the post of *{insert job title}* will attract the payment of a market rate supplement in line with the Council's policy on the payment of market rate supplements.

As a result of ongoing recruitment and retention difficulties you will receive an additional annual payment of £ . The method of payment will be monthly and will be paid in addition to your salary.

The market supplement is separate from the agreed rate of pay for the post. The payment will be detailed separately on your pay slip.

You should be aware that this is not a permanent payment and will be reviewed annually to determine whether the payment continues to be justified and if so that the amount paid remains appropriate. The outcome of this review will be to determine whether to withdraw the supplement, retain the supplement at its current value, or adjust the amount to be paid.

Should you have any queries with regard to this payment please do not hesitate to contact me.

Yours sincerely,

Group Manager - Human Resources