

Policy – Market Supplement

Approved by	Full Council
Date approved	31/04/14
Date implemented	20/09/11
Owner	AM
Review date	31/03/22

Policy – Market Supplement

Version control

This document is subject to regular review due to legislative and policy changes. The latest versions of all our publications can be found on our website. Before contacting us about the content of this document, we recommend that you refer to the most recent version on the website and any relevant guidance.

Version	Date approved	Approved by	Notes / changes
v1.0	03/01/14	Full council	New policy
v2.0	25/04/18	Andrea Malam	Reformatting
V2.1	30/08/21	David Kennedy	Reformatting

Policy – Market Supplement

Contents

Version control	2
Contents	3
Line Managers:	4
HR:	4
Pay and Reward Specialist:	4
Job Evaluation Validation Panel:	4
When is a market supplement appropriate?	4
What are the indicators for a market supplement?	5
What is the process?	5
What if there are existing employees in similar roles?	6
What will the level of payment be?	6
How will the payment be applied and will it be reviewed?	7
What is the notice if the payment is to be withdrawn?	7
Can I appeal the decision?	7
Frequently Asked Questions (FAQs)	8
How long does it take to request and receive a Market Supplement?	8
What do I need to include in the business case?	8
Are there are appeal forms that I need to complete if I appeal the Validation Panel's decision?	8
What will be the format of the appeal?	8
What is the criteria to apply for a Market Supplement?	9
How long can a Market Supplement be paid?	9

Policy – Market Supplement

ROLES AND RESPONSIBILITIES

Line Managers:

Are responsible for collating the business case for a market supplement request ensuring that equality issues are fully considered. Advice and support will be available from the relevant HR Representative.

HR:

Are responsible for supporting Line Managers in the development of the business case.

Pay and Reward Specialist:

Is responsible for quality checking the business case, collating relevant material and facilitating the Job Evaluation Validation panel where approval for the payment will be granted.

Job Evaluation Validation Panel:

The Job Evaluation Validation panel will be responsible for deciding whether to pay a market supplement or not following the presentation of a business case from the appropriate Director, Head of Service or Manager.

When is a market supplement appropriate?

Denbighshire County Council recognises that in order to provide a high quality service to the people of Denbighshire, it is essential that the Council recruits and retains a workforce of the highest standard. However, there may be occasions when market forces produce a situation where a particular service within the Council is experiencing severe recruitment and/or retention problems related to a particular post.

The decision to pay a market supplement will only be taken when all other non-pay related measures to successfully recruit and/or retain a staff member have been reasonably explored. The extent to which the various measures are explored depends entirely on each individual case.

Policy – Market Supplement

What are the indicators for a market supplement?

The Council has identified 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 marketsupplement. The indicators are as follows:

- The post has been advertised externally on 3 occasions with unsuccessful results to appoint.
- Information concerning turnover within a post or a group of posts.
- Information concerning the external labour market.
- Information gained through the medium of exit interviews.
- Any other significant retention issues.
- There is evidence from pay data drawn from independent sources indicating that the Denbighshire County Council evaluated salary for the role is lower than the average salaries for similar roles. (Independent sources e.g. Hay Group database, professional institutions, Government produced shortage occupations register).

Where skills shortages have been identified and result in the payment of market supplements, the authority will actively be seeking to put measures in place to address the shortages and thus remove the requirement for market supplements.

What is the process?

The process for requesting a market supplement payment is as follows:-

- Manager identifies and issue and collates and develops a business case which includes supporting evidence, as per the [Market Supplement Business Case Template](#). Support can be sought from the relevant HR Business Partner.
- The manager seeks approval of the business case from the relevant Head of Service

Policy – Market Supplement

- The approved business case is then submitted to the Pay and Reward Specialist who will advise when the business case will be considered by the Job Evaluation Validation Panel. The Manager or Head of Service can request that they present the business case to the Job Evaluation Validation Panel.
- The Job Evaluation Validation panel will be responsible for deciding whether to pay a market supplement or not following the presentation of a business case from the appropriate Director, Head of Service or HR Business Partner. Assessment will consider the risk of failing to appoint a post/retain current staff against the risk of receiving any challenges under Equal Pay legislation. The Panel's decision will be final.
- The Job Evaluation Validation Panel will consider information with regard to the external labour market using sources such as the Annual Survey of Hours and Earnings, Epaychecker (an internet based service which provides information regarding benchmark salaries in public sector organisations) and the Independent Data Source, where appropriate.
- The outcome of the panel will be communicated by the Pay and Reward Specialist to the relevant Manager and Head of Service. If there is an existing post holder the Pay and Reward Specialist will write to the employee confirming the outcome and information payroll should the payment be agreed.

What if there are existing employees in similar roles?

Each post will be treated individually. If a post attracts a market supplement, it does not necessarily mean that similar posts will attract the same payment.

What will the level of payment be?

The amount paid will depend entirely on the circumstances of each case and the evidence gathered to justify the supplement. This will be reviewed on an annual basis and may change.

Policy – Market Supplement

How will the payment be applied and will it be reviewed?

When a post is advertised, the market supplement element will be clearly identifiable from the base salary element.

A market supplement payment is pensionable, unless the post holder decides against making any contribution to the Local Government Pension Scheme.

However, the payment would remain discretionary and therefore could be subject to withdrawal if the reasons for the market forces supplement changed.

All market supplement payments will be regularly reviewed by the Job Evaluation Validation Panel at the request of the relevant Head of Service or at least on an annual basis before the end of the financial year.

A market supplement will also be reviewed each time the post vacancy arises.

What is the notice if the payment is to be withdrawn?

The notice period to employees for reducing or removing a market supplement payment is three months.

Can I appeal the decision?

The employee will have the right to appeal against the decision of the panel. In the case of appeal, additional evidence (i.e. evidence of market salary rates in their specialism, an updated business case) should be submitted to the Job Evaluation Validation Panel and will be considered in accordance with Stage 2 of the Job Evaluation Appeals Process.

The Appeals Panel will consider the additional information and the reason for the appeal but focussing on evidence pertaining to Market Supplements and not Job Evaluation as stated in the policy.

Policy – Market Supplement

Frequently Asked Questions (FAQs)

How long does it take to request and receive a Market Supplement?

The business case is submitted to the monthly Job Evaluation Validation Panel, which is normally held at the end of each calendar month. The request will need to be submitted one week prior to the panel convening (dates of the panel can be found on the Corporate Calendar). Once the panel have made a decision the Pay and Reward Specialist will write to confirm the outcome withinone week and inform payroll should the request be successful.

What do I need to include in the business case?

The business case will need to demonstrate the severe recruitment or retention problems being experienced in the service andprovide evidence to demonstrate the difficulties and why the payment should be made.

A [Market Supplement Business Case Template](#) is included in the attachments, please note that this is a guide, and the headingsmay differ dependent on the individual case.

Are there are appeal forms that I need to complete if I appeal the Validation Panel's decision?

No, there aren't any forms, but you would be required to resubmit the business case with additional information and evidence that ispertinent to your case.

What will be the format of the appeal?

Any documentation submitted by the appellant will be circulated to the Appeals Panel one week before they convene. The appellant will be asked to attend the Stage 2 Panel and state their case as to why they feel that the Panel should reconsider theiroriginal decision, by providing additional evidence.

The panel will then have the opportunity to ask any questions they may have about the role and the evidence submitted. Theappellant will then leave and the Panel will make a

Policy – Market Supplement

decision. The Pay and Reward Specialist will inform the appellant of the outcome in writing within 10 working days.

What is the criteria to apply for a Market Supplement?

The Council has identified 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 marketsupplement.

The indicators are as follows:

- The post has been advertised externally on 3 occasions with unsuccessful results to appoint.
- Information concerning turnover within a post or a group of posts.
- Information concerning the external labour market.
- Information gained through the medium of exit interviews.
- Any other significant retention issues.
- There is evidence from pay data drawn from independent sources indicating that the Denbighshire County Council evaluated salary for the role is lower than the average salaries for similar roles. (Independent sources e.g. Hay Group database, professional institutions, Government produced shortage occupations register).

How long can a Market Supplement be paid?

Any Market Supplement payment is reviewed annually. On an annual basis a new business case will need to be submitted todemonstrate that there is still a need for the payment.