

Market Rate Supplement Policy

Policy Purpose

Derby City Council is committed to providing equal pay for jobs of equal value and has introduced a job evaluation scheme to measure the relative value of all jobs. However, it is also essential that the council is able to attract and retain staff with the skills, knowledge and experience to meet its corporate objective and priorities.

The Council recognises that there are occasions when there are difficulties in attracting and retaining suitable staff to particular posts. This policy sets out how these difficulties will be dealt with, especially where conditions in the market for particular skills are causing recruitment, retention and service delivery issues.

This policy provides guidance about the sort of cases where it may be appropriate to pay a market rate supplement and the process by which these cases are considered and determined, and the restrictions which are applied to them. A market rate supplement is a separately identifiable element of the employees pay. It is paid in addition to the salary otherwise payable to staff of that experience in that role, as set by the appropriate grade and salary range for the post.

Document Control

Implementation date	TBC
Author	Claire Benjamin
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Revised/updated	
Version Control	0.4
Review required	In line with legislative changes

1 Policy application

1.1 This policy applies to all Council employees except:

The Chief Executive and Chief Officers

Governing bodies of Community, Voluntary Controlled and Trust schools are strongly urged to adopt this policy for non-teaching staff within their delegated powers.

2 Principles

2.1 The grading and salary range of all posts are determined by the outcome of job evaluation. Exceptionally, paying a market rate supplement will be considered where one or more of the following circumstances exist:

- There is a shortage of particular skills or expertise
- The going or market rate for a particular job is higher than the highest salary payable for the applicable post
- There is an inability to successfully recruit suitable staff to a particular post
- There is difficulty in retaining staff in a particular post
- Services are at risk of being disrupted

2.2 Managers will apply the market rate supplement policy in a fair and transparent manner, where a recruitment and/or retention problem has been identified, relating to the relevant labour market for a particular job role.

2.3 Market rate supplements will be paid in line with the requirements of equal pay legislation.

2.4 Market rate supplements are not linked to an individual's actual or anticipated performance within the role.

2.5 Where a market rate supplement is paid, it will be clearly identified as such and subject to a review at regular intervals.

2.6 Recruitment Adverts, where a post is subject to a market rate supplement, must clearly state that the supplement is subject to regular reviews.

3 Procedure

3.1 Where a market rate is required for a new or existing post, the manager must provide the information requested within Appendix Two – Market Rate Supplement Request Form and forward it to the Service Director.

- 3.2 The Manager should recommend a market rate supplement that genuinely reflects the difference between the grade of the post and the market rate, as detailed.
- 3.3 The Service Director will seek approval through the Chief Officer Group and the HR Director.
- 3.4 Records of all approved market rate supplements will be sent to HR Operations.
- 3.5 When a market rate supplement is applied to a post it will be applied to all current and new employees in that post, employees will not be entitled to back pay. The Council will determine the date a market supplement becomes effective.
- 3.6 Employees are required to pay pension contributions on the value of the market supplement if they are a member of a scheme.
- 3.7 The market rate supplement will be included in gross pay and be used for calculations of statutory payments: for example, sick pay, maternity, redundancy pay, and when making any deductions.

4 Reviewing the payment of a market supplement

- 4.1 A review of a market rate supplement will take place at least every 12 months or when a post is re-advertised. The employee will be invited to contribute to the review of the supplement. However, the final decision will be made by the Council, in light of all the information available.
- 4.2 Employees will have the right to express any concerns following the withdrawal or amendment of the supplement through the normal complaints procedure.
- 4.3 Following the review, should a manager wish to withdraw, cease or amend the market rate supplement, a market rate supplement amendment form should be completed. Existing employees will be given three months' notice that the payment will cease.
- 4.4 Where a post with a market rate supplement is regraded the following shall apply.
- Where the regrade is above the market rate supplement, the supplement will cease and the regrade increase will be applied the following month.
 - Where the regrade is below the market rate a review of the market rate supplement will be carried out.
- 4.5 Pay protection will not apply should a market rate supplement be decreased or removed.

6 Support and guidance

- 6.1 A full description of the process including guidance, supportive information and documentation is on the intranet under Human Resources:

Link

7 Roles and responsibilities

- 7.1 The roles and responsibilities of key stakeholders are summarised in Appendix 1

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POLICY ROLES AND RESPONSIBILITIES OF KEY STAKEHOLDERS

Chief Executive and Chief Officers Tiers 1 and 2	Head of Service Tier 3	Managers	Employees	Human Resources
Every employee must use the procedure and guidance on iDerby				
Fairness and equality				
To ensure this policy is implemented in a fair, consistent and non-discriminatory manner.	To provide reasonable adjustments as required.	To notify managers of reasonable adjustments required.	To ensure this policy is implemented in a fair, consistent and non-discriminatory manner.	To ensure this policy is implemented in a fair, consistent and non-discriminatory manner.
General Operation of the Scheme				
Approve Market rate supplements		Provide factual evidence to demonstrate the grounds to pay a market rate supplement and the amount of the necessary supplement.		Write to the employee confirming all market rate supplement information
		Review market rate supplements annually		Provide advice to managers as required
				HR Director to approve market rate supplements
Document Retention				
				On the Employee's file

Appendix Two

MARKET PLACE SUPPLEMENT REQUEST FORM

1. JUSTIFICATION FOR PAYMENT

This application must be fully supported with evidence which satisfies the criteria as set out in the Council's Market Rate Supplement Policy:

1. Identify the post, or group of posts, for which payment is proposed, include:

- post title
- brief outline of responsibilities
- Post grade and spinal point range
- number of posts/ post holders(including vacant posts)

2. What evidence is there of pay-related recruitment and/or retention difficulties? Please provide examples:

- Number of times the post has been advertised, over what period.
- media used
- number of responses to job advertisements
- qualitative assessment of applicants
- turnover rates
- outcomes from exit interviews
- other feedback from interviewees or recruitment agencies, if any

3. Please provide market-based pay comparisons with competing local/regional employers (public, voluntary and private sector), as appropriate. Please state the source(s) of that data and the pay elements compared (at least three relevant comparators). Include total reward package to ensure a like for like comparison with the Councils total reward package (e.g. flexi time, sick pay, local government pension scheme)

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4. What other recruitment initiatives have been explored/exhausted and what were the outcomes from these?

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5. What other measures have been considered/explored to maintain service delivery?
For example, changes to organisational/job design, alternative service/working arrangements, and trainee posts considered?

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6. How is the payment essential to maintaining adequate staffing levels to ensure service delivery requirements are met?

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7. Has the impact the payment will have on other staff in the service been considered and how will this be managed?

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8. Has the wider service/ employment context been considered, including whether a market rate supplement will address the particular issues underlying the recruitment/retention difficulties? Are alternative additional actions required? For example:
- a. 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?
 - b. Is there a regional/national shortage for which new/alternative training schemes would be a more appropriate solution?
 - c. Are there more appropriate ways of resourcing/delivering the service rather than through an in-house workforce?

Please provide any further information you wish to rely on at this point:

2. PAYMENT DETAILS

What amount and type of payment is recommended, for what period, and how has this been assessed?

Please calculate the impact on the department's budget and provide full details, should a market supplement be applied including existing and future employees:

3. AUTHORISATION

In making this application, I understand that the cost of any market rate supplement will be met by the employing department and that appropriate budgetary provision has been made for this.

Manager Name:Signature

Date

Services Director Name: Signature.....

Date.....

Once you have completed this form, please attach the supporting details/evidence as requested and forward to the Director of human resources and Business Support:

Recommendation for market rate supplement made by;

HR Director name:Signature

Date:.....