Corporate Services
Human Resources

Market Supplement Policy

DATE

Date Revised	Date Approved	Summary of Changes	Author

Rotherham Metropolitan Borough Council

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1 Introduction and Purpose

1.1 The Policy provides the Council's approach to the use of market supplements in circumstances where the National Joint Council (NJC) pay and grading arrangements may be insufficient to attract or retain individuals with specific skills that are essential to the delivery of the Council's services. It provides a framework for considering market supplement payments in response to recruitment or retention challenges and other market related factors, ensuring consistency and fairness across the Council.

1.2 The rate of pay for Council posts is determined in accordance with nationally agreed terms and conditions of employment and the NJC pay and grading scheme. Market supplement payments will only be applied in specific circumstances.

2 Scope and Legal Framework

2.1 This Policy applies to the following staff groups:

- Employees employed on NJC for Local Government Services terms and conditions.
- Other national or locally agreed terms and conditions adopted by the Council, including advisory and education-related frameworks.
- School based employees, where any considerations for market supplements must align with the relevant education pay framework and be subject to appropriate school-level governance and decision-making arrangements.

2.2 Market supplements for colleagues on other terms and conditions of employment including JNC for Chief Executive and Chief Officers are outside the scope of this policy. Agreement to pay a market supplement would need to be approved by the Staffing Committee.

2.3 Market supplements will be applied in a manner consistent with the Equality Act 2010, and the Council's policies on diversity and inclusion. All decisions will be evidence-based, documented and transparent to ensure all payments are non-discriminatory. Where a market supplement is approved, this will be temporary, subject to review and clearly communicated to in scope employees.

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3 Definitions

3.1 *Market supplement* - is an additional payment made on top of an employee's basic salary for specific roles where the usual salary is not competitive with the external labour market. It is temporary, reviewed regularly, and used to address recruitment or retention challenges where there is a risk to the service. This helps the Council to remain competitive whilst ensuring pay is fair and transparent.

3.2 *Job evaluation* – a systematic process used to assess the value of a role within an organisation based on its responsibilities, skills and complexity.

3.3 *Re-evaluation* – The process of reviewing a job evaluation outcome following the role's responsibilities permanently changing, to ensure the grade assigned remains aligned with the Council's job grading framework.

4 Policy Statement

4.1 Market supplements may be considered in circumstances where there is clear evidence of sustained recruitment or retention difficulties, or where external pay benchmarking has demonstrated a significant market gap, or other workforce or non-pay solutions have been explored or found insufficient.

4.2 Consideration should be given as to whether the current job profile reflects the substantive responsibilities of the role. If there is evidence that the job has changed significantly or is out of alignment with comparable roles, the role may be submitted for re-evaluation in line with the Personal Regrading Procedure.

4.3 All proposals for market supplements must be supported by a detailed business case, submitted by the relevant Head of Service, detailing the rationale for the market supplement and supported by robust and up-to-date evidence. This should include evidence of recruitment or retention difficulties, benchmarking against external market rates and consideration of alternative workforce or non-pay solutions. An Equality Impact Assessment (EIA) will be completed as part of the proposal and will be included in the business case submitted for consideration. The outcomes of the EIA will be considered when making decisions.

4.4 Prior to the HR Business Partner approving the proposal they will ensure all recruitment alternatives have been exhausted. The HR team will offer advice on the appropriateness of a market supplement payment, ensuring any equal pay risks have been considered and proposed mitigation is reflected within the proposal.

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4.5 The proposal will detail the value and duration of the payment. Where the proposed payment exceeds 10% of the salary aligned to the role's evaluated grade (pro rata for part-time employees), the proposal must be referred to the Staffing Committee for consideration.

4.6 Costs must be managed by the current service budget for the duration of the proposed market supplement. The proposal must consider how such costs will be managed in relation to the number of postholders to whom the market supplement will apply and the relevant Head of Finance must approve the proposal.

4.7 Market supplements will be reviewed annually by the Directorate Leadership Team (DLT), with annual oversight from the Strategic Leadership Team (SLT) to ensure they remain justified, appropriate, and aligned with organisational priorities. Market supplements may be reviewed at an earlier time where there is a need to ensure they remain appropriate and justified in consideration of market conditions and organisational requirements.

4.8 Market supplements will be paid to all employees in the relevant post as a separate allowance. It should be noted that a market supplement payment relates to a post and does not relate to the performance, capability, commitment or merit of an individual employee.

5 Monitoring

5.1 The Council is committed to ensuring that the use of market supplements does not give rise to unlawful discrimination or equal pay risks. All decisions will be documented by the DLT with the rationale for approval detailed and a review date confirmed.

5.2 A list of post titles and details of the number of staff employed in the posts will be shared on an annual basis with SLT and with Trade Unions at the Joint Consultative Committee. Market supplement payments will be included in the Council's Pay Policy Statement.

6 Procedure

6.1 <u>Proposals for Market Supplements</u>

6.1.1 Where a requirement for a potential market supplement emerges, managers are responsible for completing the proposal form at Appendix A, preparing a business case in line with this policy and completing an EIA.

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6.1.2 Once completed the proposal form, business case, and EIA should be submitted to the relevant HR Business Partner and Head of Finance for approval. Following approval, the proposal and all associated documents will be submitted by the Head of Service, via the Service Director, for consideration by the DLT.

6.1.3 Where approved by the DLT the rationale and decision should be recorded and shared with the manager and HR Business Partner by the Head of Service. The HR team will provide the manager with a template letter to enable them to write to all staff employed in the post to advise that a market supplement will be paid, the amount of the supplement and the end date for the payment. The letter will confirm the end date which will be no later than 12 months from the date of approval. The manager will provide a copy of the letter(s) to payroll to authorise the payments to each employee and ensure it is processed in the next available payroll.

6.2 Review of existing market supplements

6.2.1 After a period of 12 months, or earlier where appropriate, the Head of Service will refresh the business case and all associated documents. Following approval by HR and Finance the steps in 6.1 will be repeated.

6.2.2 Where payments are extended, the alternative options detailed in the original proposal to avoid the need for a market supplement should be fully discussed. Actions should be agreed with clear timelines for completion to ensure there is not an on-going reliance on the market supplement payment.

6.2.3 Where a decision is made to stop a market supplement payment, the manager will contact HR to request the template letter in order to write to all staff in receipt of the payment to provide four weeks' notice that payment will stop. The manager will send a copy of the letter(s) to payroll to confirm the date payment will stop. The manager must share the letter in advance of the date with payroll, to avoid any overpayments.

6.3 Request to approve for greater than 24 months

6.3.1 It is expected that market supplement payments will not last for more than 24 months. Where a proposal seeks to extend a payment beyond this timeframe all documentation must be refreshed in line with this policy and presented at SLT for wider discussion and input. There should be a clear timeline for when the payment will be stopped, and any associated organisational risks should be fully documented. The alternative measures previously identified must be reviewed in detail with clear timelines agreed for implementation.

6.3.2 Where on-going payment is then approved by the DLT, the decision must be referred for ratification by SLT prior to the outcome being confirmed to the post holders.

7 Payment

7.1 Where approved, market supplements will be paid through payroll. Payments are non-consolidated and do not form part of an employee's contractual basic pay. They may be varied or withdrawn in accordance with this policy. Market supplement payments are subject to tax and National Insurance deductions and are pensionable for the purposes of the Local Government Pension Scheme (LGPS).

7.2 Market supplements are paid as a separate payment and do not alter the salary scale aligned to an employee's job-evaluated grade.

7.3 Payment of market supplements during periods of absence will be managed in line with the treatment of basic pay. When an employee moves to a different role, or where a role materially changes, entitlement to any market supplement will be reviewed and may cease.

8 Concerns

8.1 Employees who have concerns about the application of this policy should raise them with their manager or their Trade Union representative. Where concerns are not resolved informally, employees may follow the Council's formal grievance procedure.

9 Roles and Responsibilities

9.1 **The Strategic Leadership Team (SLT)** provides corporate oversight of the use of market supplements across the Council. The SLT is responsible for ensuring a consistent and fair approach across the Council and will receive an annual report from each DLT advising of the posts in receipt of market supplement payments and the number of staff employed in those posts. They will provide organisational oversight in advance of market supplements being approved for greater than 24 months

9.2 **The Directorate Leadership Team (DLT)** is responsible for reviewing and approving market supplement proposals within their directorate. This includes ensuring that a robust business case has been prepared, with adequate

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evidence, benchmarking, an EIA, and confirming that funding is available within the directorate budget.

9.3 **Managers** are responsible for identifying a requirement for a potential market supplement and submitting proposals for market supplements in line with this policy to their Head of Service. They must ensure that proposals are supported by robust evidence and are approved by HR and Finance.

9.4 **Human Resources** will provide advice and guidance on the application of the policy, ensure compliance with relevant legislation and Council procedures, and support managers in preparing and reviewing business cases. HR will be responsible for working with senior management to implement strategies to address recruitment issues, and ensuring roles are reviewed at job evaluation where appropriate.

9.5 **Trade Unions** will work in partnership with the Council to monitor the use of market supplement payments, to prevent discrimination, they will advise members of their rights and responsibilities under the policy, representing members as and when appropriate.

9.6 **Employees** are responsible for understanding this policy and engaging with process when required.

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10 Appendix 1 - Proposal Form

1 POSITION DETAILS	
Post Title	
Team	
Service Area	
Grade of post and salary range	
Number of staff currently in post (headcount and FTE)	
Number of vacant post(s)	

This application is for payment of a new market supplement Yes / No

- If yes, please state value of market supplement being proposed £

Extension of an existing market supplement (yes/no) Yes / No

2 RISK FACTORS

Please identify the risk factors currently impacted by recruitment and retention difficulties:

Inability to meet essential service delivery Yes / No

Inability to comply with statutory responsibilities Yes / No

Reputational impact on the Council Yes / No

Financial risks to the Council Yes / No

Please provide further information on how difficulties in recruitment and retention are impacting on the risk factors identified above:

3 JOB EVALUATION

When was the post last evaluated and was the post re-graded at this time?

Has the need for re-evaluation been considered as an alternative to a market supplement? Please provide evidence, as appropriate.

4 RECRUITMENT AND RETENTION
Evidence of recruitment and retention difficulties must be provided.

Please provide details of turnover rates (in comparison to average turnover rates):

Please provide details of reasons for leaving provided by staff who have left the post in the last two years as detailed within exit Interview reports:

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Is competitor pay the main driver in attracting staff away from the Council? *If this is the case, a table must be provided detailing comparative salary information for equivalent roles in neighbouring Local Authorities.*
Please provide information on the number and quality of responses to job adverts. Please provide the following evidence to support the proposal: Dates of advertisements Copy of job adverts Where the vacancy was and any recruitment initiatives adopted Number of applications received for each advertisement Number shortlisted Reasons for not being able to appoint
Is there a regional/national skills shortage impacting on recruitment to this position? Would the skills shortage be better addressed through new/alternative training schemes and are there any plans to introduce such?
5 NON-PAY FACTORS **Evidence must be provided to show that recruitment and retention issues cannot be successfully addressed through non-pay options**
Please provide evidence that consideration has been given to redesigning the job/structure to undertake work in a different way e.g. development of trainee roles, reallocation of duties:
Please provide evidence that consideration has been given to the opportunities for development in the post to retain current staff and attract new recruits. How have such opportunities been promoted?
Please provide evidence that consideration has been given to the support and facilities available in the post to retain current staff and attract new recruits. How have such support and facilities been promoted?
Please provide evidence that the total value of the Council's benefits package (pension provision, annual leave, family friendly benefits, flexible working, employee benefits platform) has been promoted effectively:
6 EQUALITY IMPACT **To successfully resist equal pay claims, the Council must show that the difference in pay of two posts of equal value is explained by a material factor that does not involve direct or unjustified sex discrimination. Evidence must be provided that any equality impact is objectively justifiable.**

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Please provide evidence that consideration has been given to posts across the Council which have been evaluated as being of equal value to the post under consideration for application of a market supplement.
What is the current male/female split of the post under consideration for application of a market supplement and post(s) considered to be of equal value?
Is there any reason to believe that the market rate itself is discriminatory?
Have you identified any other impact on employee groups or protected groups of the application of a market supplement?
7 ALTERNATIVE STRATEGIES
Is it likely that application of a market supplement will trigger a pay spiral with neighbouring authorities/comparator organisations increasing pay rates to attract the same small group of staff? If this is the case, please provide evidence that consideration has been given, as an alternative to market supplements, to strategies such as partnership working?
Please provide evidence that consideration has been given to the use of agency workers, contractors, private sector or other providers. Please outline the advantages/ disadvantages and associated costs.
Market Supplement are time limited, please provide full details of the workforce strategies that you will implement to remove the reliance on the payment of a potential market supplement, this must include clear timelines for delivery with any potential barrier to delivery fully detailed and mitigated.
8 MARKET CONDITIONS
Please provide evidence gathered to determine the 'going rate' for the relevant position in the comparator market. Evidence should include the following: • Employment sector • Geographic labour market • Main competitors • Size and resource of comparator organisations • Duties and responsibilities of comparator posts • Knowledge and skill requirements of comparator posts • Sources of the comparator data Please attach any documentary evidence e.g. job descriptions/adverts.

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9 PROPOSED MARKET SUPPLEMENT
How has the proposed market supplement been calculated? Please provide comparison of the appropriate comparator posts against the current Council rate (taking into account the salary range payable and any additional allowances) and the proposed total remuneration package including market supplement.
Is the market supplement proposed equal to the median of pay comparators? If not, please provide justification for the rate proposed.
Please provide evidence of consideration of the implications of application of a market supplement in relation to the higher pay points of the salary range and ensuring justification of the market supplement.
Please provide evidence of how the market supplement will be funded within the current service budget and future budgetary position for the proposed period of market supplement application.

Declaration			
I am satisfied that the proposal of a market supplement is justified and supported by the evidence provided.			
Manager Signature		Date	
HR Business Partner Signature		Date	
Head of Finance (relevant Directorate)		Date	
Head of Service Signature		Date	

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