

Market Supplements

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Agreed by TUs



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Table of Contents

1. Objectives and Scope
2. Criteria for Introducing Market Supplements
3. Process for Introducing Market Supplements
4. Review Process

1. Objectives and scope

- 1.1. Market supplements should only be paid where there is evidence that there is a genuine market justification (either the market salary for the job is higher or there is a scarcity of qualified people). They should be reviewed on a regular basis.
- 1.2. All such payments will be called market supplements and may be applied to improve recruitment or retention.
- 1.3. The process for introducing or reviewing a market supplement is set out below and must be followed in every case.
- 1.4. The determination of market salaries will be based on local, regional and national data (depending on the source recruitment area), and on comparisons between similar level jobs. HR will be responsible for sourcing appropriate market data so that assessments can be carried out.

2. Criteria for introducing market supplements

- 2.1. Problems with recruitment and retention may result from a number of factors, internal and external, one of which could be the rates for similar jobs paid in the external job market. It is important to identify any internal factors which may be affecting recruitment and retention and deal with those first before deciding on the addition of a market supplement.
- 2.2. Where there is clear evidence of recruitment and retention difficulties, a market supplement may be considered. In order to request the consideration of such a supplement, the Assistant Director must demonstrate that the following criteria are met and well evidenced:
 - There is a proven recruitment and/or retention problem with a particular post. Evidence should include unsuccessful attempts to fill the post over the past 12 months, or
 - There is a proven retention problem within that post over no less than the previous 12 months. Evidence should include staff turnover rates, stability indices, exit interview information, labour market information about skill shortages, and key worker information etc.
 - There is a mismatch between pay at the evaluated rate and pay for comparable jobs in the local employment market.
 - There is a strong and clear evidence-based argument for paying a market supplement based on research in comparable authorities. This evidence will be checked against relevant benchmarking data (including NJC salary survey results).
 - Evidence that Equal Pay legislation has been addressed in making the proposal.
 - The cost of any supplements can be met from within existing budgets.

- 2.3. Market supplements must be calculated and applied consistently between directorates. It must take the form of a cash sum and not a percentage rate.
- 2.4. The supplement will be reconsidered at least every two years or if the post becomes vacant, following an objective review of the market rates.
- 2.5. The employee's contract of employment and statement of main terms and conditions of employment should include a statement to this effect, ensuring that they are aware that the supplement may be removed or altered depending on the review of the market.

3. Process for introducing market supplements

- 3.1. The Assistant Director should calculate the level of the proposed supplement, depending on the evidence they have found from the above criteria. They should consult their Strategic HR & OD Business Partner with the details and confirmation that the criteria have been followed.
- 3.2. It is for the Assistant Director to produce the documentary evidence. The Strategic HR & OD Business Partner will test the proposal against corporate data. The role of the Assistant Director of HR & OD is to ensure that the criteria for market supplements are applied consistently across the authority.
- 3.3. When the above criteria have been tested, the documentary evidence produced and the proposal verified against corporate data, this should be submitted to the Executive Director. If the Executive Director supports the request, it should be presented through the HR Controls process for consideration and assessment for corporate consistency. The final decision rests with the Chief Executive, in consultation with the Assistant Director of HR & OD.
- 3.4. The decision will need to be recorded and documentation through the HR Controls process, retained by HR for the personal file. HR will also ensure that the manager has made the appropriate changes through completion of a Firmstep form to get the supplement paid.
- 3.5. The supplement should also be applied to existing employees in the same post.

4. Review process

- 4.1. It is important that market supplements are reviewed in order to ensure they are still applicable. Each market supplement will be reviewed every two years or when a post becomes vacant as follows:

- Strategic HR & OD Business Partners will work with Assistant Directors to monitor each market supplement and confirm review dates and decisions. Normally, the review date will be on the anniversary of the supplement's introduction.
- If the supplement is still applicable, it will be retained
- If the supplement appears to be no longer appropriate, the Executive Director will be informed and further research will be carried out to confirm the situation
- If further research confirms that a supplement is no longer appropriate, the employee will be given 3 months' notice that the supplement will be removed
- The Assistant Director of HR & OD must be informed of any change or deletion of market supplements.