



CDC Market Supplements Procedure

Introduction

This document contains the Council procedure that applies in respect of the payment of market supplements, also known as Premia payments, as additions to salary.

Market supplements are paid, subject to regular review, where there is clear evidence that the existing remuneration package for a given post is insufficient to recruit and retain post holders. In order for a supplement to be paid the criteria set out below, under '*Establishing case for a market supplement*', has to be met.

The terms and conditions that apply to the payment and withdrawal of market supplements are clearly set out for staff (and potential staff) in this document.

1. Payment terms – market supplements

Market supplements are paid on the following basis;

- a. Paid as separate and clearly identifiable additions to basic pay.
- b. Paid on monthly basis.
- c. Paid pro rata to part-time staff.
- d. Qualify as pensionable pay under the Local Government Pension Scheme.
- e. Are treated as part of gross pay for sick pay, maternity / paternity / adoption leave and parental leave pay purposes and redundancy entitlements.
- f. Paid during annual leave.
- g. Paid as a fixed amount in addition to the substantive salary for the post and do not increase in line with annual pay awards / cost of living increases.

2. Scope of payments

Market supplements apply to all qualifying staff holding the post concerned whether employed on a permanent, temporary or fixed-term basis.

3. Review of supplements (biennial)

- a. Market supplements need to be time limited payments and the review period for them is set at 2 years. Prior to the expiry date the basis for the payment of the supplement will be reviewed.
- b. Should a market supplement need to be reduced or withdrawn staff will be given a minimum of 12 weeks' notice of this prior to the 1st April expiry date.
- c. Reduction or withdrawal of supplements is not subject to pay protection.
- d. Where a post-holder in receipt of a market supplement changes job to a post without this, the payment will cease from the date the new appointment commences.

4. Equal pay and market supplements

The payment of a market supplement could result in a difference in the pay of men and women doing equal work. This could occur where a male and female employee do different jobs but their work is rated as equivalent under the job evaluation scheme and one post holder receives a market supplement and the other does not. The employer defence against an equal pay claim is that the difference in pay is explained by a material factor, the need to pay a market supplement, which is not related to direct or unjustified indirect sex discrimination.

Market conditions fluctuate and supplements are intended to provide a solution to a temporary problem. Time limits and reviews ensure that payments do not continue being made in circumstances where they are not achieving their purpose or they are no longer necessary because employment market conditions have changed so that vacancies cease to be hard to fill. Time limiting the payment of supplements also guards against potential equal pay challenges. Market forces would not provide a material factor defence where there was no continuing staff shortage in the post / specialism concerned; nor, in these circumstances, could the payment be objectively justified.

The market supplement must account for all the difference in regular pay paid to posts evaluated as equivalent under the job evaluation scheme, except where a car allowance or an allowance for carrying out a specific additional duty is also given.

All equal pay audits conducted will include market supplements where paid.

5. Establishing case for a market supplement

a. Job evaluation

Prior to consideration of a market supplement it is important to check whether the pay grade for the post is correct as this may negate the need for a supplement.

The following questions should be addressed;

- i) Does the post have an up-to-date job evaluation? If not, this should be actioned.
- ii) Is the Job Profile for the post fully up-to-date to reflect current job demands? If not this should be revised.
- iii) If re-evaluation has been required, has this changed the pay grade for the post? Any alteration in pay grade will mean that if a market supplement is being considered (or one is already paid) it will flex accordingly up or down.

b. Recruitment advertising for the post

To potentially justify a market supplement it is necessary to demonstrate that the Council has been unsuccessful in recruiting for the post in the employment market based on the current remuneration package.

The following questions should be addressed;

- i) Has the post been advertised through sufficient channels as assessed by HR on at least two occasions in the last 6 months?
If not, re-advertise the post without any market supplement.
- ii) Why was the post not filled on each occasion?
Due to insufficient quality and / or quantity of candidates leading to no appointable candidate?
Some other reason?

If it is not clear that the post remained unfilled due to insufficient quality and / or quantity of candidates then it should be re-advertised without any market supplement.

c. Retention of post holders

An assessment should be made of turnover in the post during the past 2 years to establish whether the pattern supports, or not, the case for a market supplement to assist retention.

d. Bench marking

- i) To potentially justify a market supplement it also necessary to demonstrate that the Council is paying less than the market rate pay for the job in question. The comparator market will usually be local government employers in the South East of England, excluding London, and the data sourced via Epaycheck <https://www.epaycheck.org.uk/>.
- ii) Epaycheck is a regularly updated pay bench marking database of overall remuneration (salary and other pay) and includes a range of local government posts. Core job content for posts across authorities is matched as part of this. It is provided for this region by South East

Employers (SEE), a regional umbrella body for local government. CDC is a member of both Epaycheck and SEE.

- iii) Where Epaycheck cannot provide the bench marking required for given posts this will be sourced by CDC's HR service through other market research.

6. Authorisation of payments

Any introduction of a market supplement for a given post must be authorised by CDC's Senior Leadership Team (SLT) in line with this procedure and minuted as such at an SLT meeting.

All post holders in receipt of a Market Supplement will be written to confirming the details, the fact that the payment is temporary, confirmation of the review date and enclosing a copy of this procedure.

7. Equality impact assessment and monitoring

An equality impact assessment has been undertaken in respect this procedure

The Council will monitor the overall application of the policy to ensure that it is being applied in a consistent and non-discriminatory way. Monitoring will be undertaken based on service, post, grade and gender and shared with Unison.

8. Basis of agreement

This procedure has been negotiated with Unison and Staff Side representatives and via consultation with the Joint Employee Consultative Panel.

Unison will be advised when the payment of a market supplement for a specific post or group of posts has been authorised or is to be removed.

Appendices;

1. Application approval form
2. Market Supplements NJC Technical Note 15 (January 2016)
[http://www.emcouncils.gov.uk/write/Tech_Note_15_Market_Supplements_Jan_16_\(003\).pdf](http://www.emcouncils.gov.uk/write/Tech_Note_15_Market_Supplements_Jan_16_(003).pdf)

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