

## READING BOROUGH COUNCIL

### MARKET SUPPLEMENTS

#### Purpose

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). These should be reviewed on a regular basis.
2. All such payments will be called market supplements and may be applied to improve recruitment or retention.
3. The process for introducing a market supplement is based on that agreed in 2001 and recently revised in 2007. This and the process for reviewing market supplements are set out below.
4. The determination of market salaries for particular jobs will be based on local, regional and national data (depending on the source recruitment area), based on comparisons between similar level jobs. HR will maintain a database of market information.

#### Criteria for Introducing Market Supplements

5. 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 to pursue the addition of a market supplement.
6. Where recruitment and retention do not improve, a market supplement may be considered. In order to request the consideration of such a supplement, the Head of Service (2<sup>nd</sup> tier) 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 a one-year period. 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 corporate 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.
7. Market supplements must be calculated and applied consistently between directorates. It must take the form of a cash sum and not a percentage rate.
  8. The supplement will be reconsidered at least annually, following an objective review of the market rates
  9. 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.

#### Process for Introducing Market Supplements

10. The Head of Service should calculate the level of the proposed supplement, depending on the evidence they have found from the above criteria. They should consult their HR Partner with the details and confirmation that the criteria have been followed.
11. It is for the Head of Service to produce the documentary evidence. The HR Partner will test the proposal against corporate data. The role of the Head of HR is to ensure that the criteria for market supplements are applied consistently across the authority.
12. When the above criteria have been tested, the documentary evidence produced and the proposal verified against corporate data, this should be submitted to the Director. If the Director supports the request, it should be presented to CMT for consideration and assessment for corporate consistency. The final decision rests with the Chief Executive, in consultation with the Director of Resources and Head of HR.
13. The decision will need to be recorded and documentation retained by HR for the personal file. HR will also process any change in pay through to the Payments Section.
14. The supplement should also be applied to existing employees in the same post.

#### Review Process

15. It is important that market supplements are reviewed in order to ensure they are still applicable. Each market factor will be reviewed on an annual basis as follows:
  - HR Partners will work with Heads of Service 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.
  - The Performance Improvement Team will keep an up to date record of market data nationally, regionally and locally for a range of jobs against which the supplements will be compared
  - The Performance Improvement Team will assess all jobs currently attracting a market supplement and/or scarcity premium against this central data no later than the anniversary of the implementation date.

- If the supplement is still applicable, the directorate manager will be informed and the supplement will be retained
- If the supplement appears to be no longer appropriate, the manager 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 Head of HR will inform the appropriate Head of Service and the employee will be given 3 month's notice that the supplement will be removed
- The Head of HR will need to be informed of any change or deletion of market supplements.

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