

MARKET SUPPLEMENTS POLICY AND PROCEDURE

1. Policy Statement

- 1.1 Market supplements are a way of tackling recruitment and retention issues by temporarily increasing the pay awarded to a post, without altering the job evaluation determined grade for that post.
- 1.2 Market supplements may be agreed when it can be shown that the salary range attached to the grade for 'hard to fill or retain' posts is significantly lower than those offered elsewhere and that this is having an adverse or potentially adverse impact on the ability to recruit and/or retain staff.
- 1.3 This Policy is only intended to relate to 'Green Book' posts that are technical or professional in nature and for which a regional or national labour market can reasonably be seen to exist.
- 1.4 This document contains the agreed approach to be taken for the application and monitoring of market supplements within Warwickshire County Council.

2. The Council's Commitments

- 2.1 This policy must be seen in the context of Warwickshire County Council's commitment to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.
- 2.2 In contemplating the application of market forces supplements, due regard for any equalities implications must be addressed.

3 Specific Policy Areas

3.1 Principles of this policy

Any market supplement shall be objectively justifiable and will be applied according to the following principles :-

- 3.1.1 Market supplements will normally only be considered for posts or streamlined roles identified as 'hard to fill or retain'. Market Supplements are not permanent additions to salaries and are designed to address particular circumstances which may relate to recruitment difficulties or shortage occupations.
- 3.1.2 It cannot be assumed that simply because other employers offer higher salary levels that WCC will necessarily be able to follow suit.

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- 3.1.3 Market supplements will normally be applied for a period of two years. However they will be reviewed after 18 months has elapsed and consequently will be withdrawn should the review demonstrate that current evidence does not justify a supplementary payment continuing.
- 3.1.4 It is important that employee expectations of market supplements are managed and before a market supplement is awarded, an employee must agree to and sign an amendment to their Contract of Employment. A form is attached as Appendix 1 for that purpose.
- 3.1.5 Market supplements form part of an employee's pay and will be pensionable. Payments for sickness and holiday will include the market worth element.
- 3.1.6 Market supplements will be highlighted as part of an employee's salary when mortgage application references are being completed and total income calculations are being carried out.
- 3.1.7 Market supplements should be clearly indicated in job adverts and the employment terms to prospective or current employees.

3.2 Justification for market supplements

A pre-requisite to formal consideration of a market supplement will be prima facie evidence of recruitment, retention or 'market un-competitiveness' difficulties, as outlined below. In all cases the validity of such evidence must be agreed between the Service Lead and the relevant HR Business Partner

3.2.1 Recruitment difficulties

Evidence of a poor response to adverts both in terms of quantity and quality of candidates. To qualify, a job will have had to be advertised on at least one previous occasion with an unsatisfactory response. The Service Lead will follow this up to establish the reason for the poor response as this may not be about salary levels – it could be due to other factors.

3.2.2 Retention difficulties.

Evidence of high staff turnover in the last 12 months demonstrated to be linked to salary levels. This could be evidenced through exit interviews.

3.2.3 'Market un-competitiveness'

Evidence may be presented from relevant salary surveys or in the form of advertised jobs in both the public and private sectors (but limited to the geographical area of the Counties surrounding Warwickshire plus Birmingham, Solihull and Coventry – see Appendix 2).

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3.2.4 Formal consideration of a market supplement

In order for a market supplement to be given further consideration, evidence must be obtained from as many as possible (and in any case no less than six) of the local authorities listed at Appendix 3, of average salaries for similar posts being at least 5% higher than those of comparable posts at Warwickshire County Council.

Without that threshold being reached, no further consideration will be given to the application of a market supplement.

3.2.4.1 In order to undertake the formal review a number of English local authorities will be asked to share their remuneration packages for comparison. The method of objectively selecting these comparators is attached as Appendix 3

3.2.5 Business Case

In summary, the business case should therefore :-

- Provide the evidence to show that pay is the primary issue
- Provide details of other attempts to resolve the issue
- Provide market data showing the difference between the salaries offered and the external market rate
- Present a proposal for the amount of supplement to be offered.

4. Quantification

A market supplement is expressed as a fixed cash sum allowance and will not be subject to annual cost of living pay awards. For part time staff, this will be calculated pro-rata to the hours worked. Under no circumstances will the market supplement alter the grading of the post determined through the job evaluation process. The supplement only affects the total pay that the post attracts for the period it is applied and the allowance will be paid for two years and reviewed after 18 months.

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5. Procedure and approval

5.1 Step one

The Head of Service will put forward their business case for applying a market supplement, citing the evidence described in section 3.2 of this document, to the Head of Human Resources.

5.2 Step two

The trade unions will be consulted and their views taken into account

5.3 Step three

The Head of Human Resources will consider the proposal unless it relates directly to the HR&OD group, in which case the Strategic Director (Resources) will consider the proposal.

5.4 Step four

If agreed, the individual(s) concerned will be required to sign an amendment to their Contract of Employment. (See Form attached as Appendix 1)

6. Review of market supplements

6.1 Market Supplements Database

6.1.1 The Head of Human Resources will maintain a database of all market supplements that are approved and will ensure that the allowances are only paid for two years. It will be the responsibility of the Head of Service who initiated the need for the market supplement to ensure that it is reviewed after 18 months i.e. in time for it to be renewed or discontinued as appropriate.

6.1.2 The Head of Human Resources will report the numbers and reasons for the implementation of Market Force Supplements to the Strategic Director (Resources) on an annual basis, each April.

6.2 Vacancies and Market Supplements

6.2.1 A review will also be carried out when an individual leaves a post that has attracted a market supplement, in order to assess the need to advertise the vacancy with a market supplement in the current labour market. Where such a review leads to a decision to withdraw the market supplement, this will apply with immediate effect to vacant posts.

6.2.2 Existing employees still in receipt of a market supplement will continue to be paid until the end of the guaranteed period and thereafter, it will be withdrawn. In these circumstances, at least three months' written notice will be given that the market supplement is being withdrawn.

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6.3 Job Evaluation and Market Supplements


6.3.1 A review will be carried out whenever a post is re-evaluated through the job evaluation process. If a review results in a decision that the market supplement is no longer justified at the same level, it will be amended and implemented at the same time as the commencement of the new salary.

7. Policy Review

7.1 This policy will be reviewed before the first 18 month review of the supplements

7.2 The Head of Human Resources will then initiate a review of the policy every three years unless it is considered necessary to review it earlier.

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Market Supplements Contract Amendment Form			
Group / Directorate :-			
Business Unit / Service :-			
Post Title:-			
Name:-		HRMS Employee No:-	
Amount of Market Supplement (£) :-			
Payable with effect from :-			
<p>I have read and agree to the conditions of Warwickshire County Council's Market Supplement Policy and Procedure.</p> <p>I understand that this market supplement is allocated for a period of two years and will be reviewed at 18 months.</p> <p>If a review indicates that the market supplement is no longer justified, it will be withdrawn at the end of the (two year) allocated period. In these circumstances, I understand that I will be given at least three months' written notice that the market supplement is being withdrawn.</p> <p>It may also be reviewed at any time when recruitment is taking place for a similar post or as a result of re-evaluation using the Warwickshire County Council Single Status job evaluation scheme.</p> <p>I understand that a market supplement does not alter the grade of my post as determined by the job evaluation process. If at any time the grade of my post is changed, the market supplement will be reviewed as from the date of the change.</p> <p>I understand that while I am being paid a market supplement, it will be a pensionable part of my salary and it will attract national insurance contributions and tax.</p>			
Signed :-		Date :-:	

The completed form should be sent to the HR Service Centre for retention within the personnel filing system.

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Areas to be used for job advertisements when citing prima facie evidence of ‘market un-competitiveness’

Warwickshire
Gloucestershire
Leicestershire
Northamptonshire
Oxfordshire
Staffordshire
Worcestershire
Birmingham
Coventry
Solihull

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Method of Selecting Comparator Authorities

1st stage (Comparable Salaries)

1) Information provided by the Observatory - List of Local Authorities Median Salaries with Confidence factor. Disregard authorities which lie outside the following parameters :-

- a) +/- £2000 of the Warwickshire Figure.
- b) English Authorities only
- c) Confidence factor – must be numerically less than 9.0

2nd Stage (Comparable House Prices)

2) Information provided by the Observatory - Ratio of lower quartile house prices to lower quartile earnings by District from 1997 – specific use of 2010 figure.

Taking the results of the 1st stage, further disregard authorities which lie outside the following parameters :-

- a) +/- 1.0 of the Warwickshire figure (currently 6.95)

3rd Stage (Comparable Authorities)

3) Estimated Population figures

Taking the results of the 2nd stage, further disregard authorities which lie outside the following parameters :-

- a) estimated population of 265,000 or more (WCC is approx 530,000)

Completion of this exercise in March 2011, produced a list of 12 authorities as follows :-

Staffordshire	Worcestershire
Suffolk	Somerset
Northamptonshire	Bristol City of
Leicestershire	Cheshire East
North Yorkshire	East Riding of Yorkshire
Gloucestershire	Shropshire

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