
Market Supplement Policy

SHARED SERVICES



**Council of the
ISLES OF SCILLY**

April 2017

REVISIONS TO SOURCE DOCUMENT

Version		Approving Committee	
Date		Ratified by Council	
Responsible Officer	SO:SS	Review Date	April 2018

VERSION HISTORY

Date	Version	Author/Editor	Comments
2013	1.0	HR+OD Manager	Current policy
April 2017	1.1	SO:SS	Revised to current titles

EQUALITIES IMPACT ASSESSMENT RECORD

Date	Type of Assessment Conducted	Stage/Level completed (where applicable)	Summary of Actions Taken Decisions Made	Completed by.	Impact Assessment Review date

DOCUMENT RETENTION

Document retention period

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Law relating to this document

Employment Rights Act 1996
Income Tax (Earnings and Pensions) Act 2003
Equality Act 2010

1 POLICY

The Council of the Isles of Scilly is committed to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.

In exceptional circumstances it may be necessary, to ensure the effective recruitment and retention of employees, to pay individuals and/or groups of employees a premium rate to reflect the market competitiveness of the job.

In this case the following procedures and practices will be implemented but it cannot be assumed that simply because other employers offer higher salary levels that the Council of the Isles of Scilly will necessarily be able to follow suit.

2 PRINCIPLES

Any market supplement shall be provided for in the appropriate departmental budget and be objectively justifiable. The job evaluation determined grade for that post will not be changed.

Market supplements will be paid as a temporary allowance at a rate determined at the time the supplement is first awarded. The justification and amount of the supplement will be reviewed annually and consequently can be withdrawn or reduced, should the review demonstrate that current evidence does not justify a supplementary payment continuing.

The supplement will not be subject to annual cost of living pay awards.

Therefore employee expectations of market supplements need to be managed, and before a market supplement is awarded to an employee they must agree to and sign the attached amendment to their contract of employment.

If a market supplement is to be introduced to a particular post/category, the law requires the 'genuine material difference' to be justified for all market supplements applied. A judgement in consultation with management and the Trade Unions will be made as to whether or not it will apply to other posts.

Market supplements will be pensionable. Any overtime payment will be paid including the market supplement rate. There will be no entitlement to have market supplements taken into account in the calculation of redundancy payments.

Market supplements are attached to posts but are of course influenced by postholder's circumstances. When an employee moves to a post that does not attract a market supplement then his or her entitlement to that payment will stop.

Under no circumstances should market supplements be used to reward an individual's performance in post.

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 CRITERIA

The criteria to be applied when considering the application of a market supplement to a post will be as follows:

Recruitment and retention difficulties

Evidence of a poor response to advertisements in terms of both quantity and quality of candidates. To qualify, a job will have had to be advertised externally on at least one previous occasion with an unsatisfactory response. This would trigger an investigation into the situation and the HR team will follow this up to establish the reason for the poor response (as it may not be about salary levels - it could be other factors, such as accommodation).

and/or

Employee turnover levels

Evidence of high employee turnover in the last 12 months demonstrated (from leaver questionnaires or any other evidence source) to be due to the salary level paid.

and/or

Market data

Evidence that more substantial remuneration packages are available for the specified post (or group of identical posts) within the appropriate local, regional or national marketplace. At least three examples of comparable jobs, salaries and summary of main duties will be required. The Section Head will be responsible for researching this, together with advice from Human Resources.

4 PAYMENT

A market supplement is expressed as a fixed cash sum allowance and will be paid in the normal way through the payroll by equal instalments at the employee's normal pay intervals. For part time employees it will be calculated pro-rata to the hours worked.

The supplement only affects the total pay that the post attracts, for the period it is applied and will not alter the substantive grade of the post.

The allowance will be paid for an appropriate period which would probably be for a period of one or two years. That initial period will, for the purposes of the review provisions below, be termed the 'guaranteed period'. After the guaranteed period the supplement will be subject to annual review and either withdrawn, confirmed or reduced for a subsequent period of no more than one year. This review process will continue on an annual basis until such time as the supplement is withdrawn.

5 PROCEDURES AND APPROVALS

The need for a market supplement can be identified by either the Section Head/Director, or Human Resources.

Whoever the need is identified by, it will be the responsibility of the Section Head to put forward a business case for applying a market supplement using the criteria set out in section 3 above to Human Resources. Market data will normally be needed to be collated from external agencies, to provide evidence and support for both the need for a market supplement and the proposed amount of that supplement.

The market supplement must be capable of being objectively justified from an equal pay perspective, i.e. it will be evidence based.

Human Resources will consider and make recommendations as to the appropriateness of the proposal, in consultation with the Senior Management Team and Trade Unions. The final decision will be taken by the Corporate Leadership Team or appropriate members of it.

Market supplements will need to be funded from within existing departmental budgets where ever possible and will be subject to Senior Management Team approval to ensure oversight and strategic governance of key roles.

Once a decision has been made to apply a market supplement, the Council of the Isles of Scilly will require the recipient to sign an Amendment to Contract of Employment Form before the supplement can be paid (Annex 1). If the recipient refuses to sign the Form they will forego the supplement on a pro rata basis until such time as they sign the Form.

Human Resources will maintain a database of all market supplements that are approved, and report to the Corporate Leadership Team annually on each supplement.

6 REVIEW OF MARKET SUPPLEMENTS

Reviews will take place in the following circumstances:

- a) At least three months prior to the end of the guaranteed period, the justification for the market supplement will be reviewed. The same timescale will also apply in each annual review following the guaranteed period. Human Resources will notify the appropriate Section Head when a review is due. The Section Head will undertake a review of the market place related to that post, and present the findings to Human Resources in line with the procedure set out in Section 5.
- b) Whenever a post is re-evaluated through the Job Evaluation process.
- c) When an individual leaves a post that has attracted a market supplement and the post is to remain on the establishment list, 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 or reduce the market supplement, this will apply with

immediate effect to vacant posts. Existing employees still in receipt of a market supplement will continue to be paid at the original rate until the end of the guaranteed period and thereafter, it will be reduced or withdrawn as appropriate.

- (d) Reviews will also consider the implications of any pay awards made at national or local level.

Employees will receive three months' notice if the market supplement is being withdrawn, or reduced, and the reasons for this decision.

If a review indicates that the market supplement is no longer justified (and the post holder is no longer within the initial guaranteed period), it will be withdrawn. In these circumstances, three months' written notice will be given that the market supplement is being withdrawn or reduced.. If the employee finds this unacceptable he or she has the right to appeal in the usual way following the agreed Grievance Procedure.

The Remuneration Committee will scrutinise the number and type of market forces payments for the corporate staff group, as well as consider any use of market forces for senior staff.



COUNCIL OF THE ISLES OF SCILLY

MARKET SUPPLEMENT AMENDMENT TO CONTRACT FORM

Any employee who is eligible to receive a market supplement in line with the Council of the Isles of Scilly Market Supplement Policy must agree to, and sign the contract amendment form below prior to any payment being made. Any refusal to sign this form will result in the employee foregoing the market supplement on a pro rata basis until the form is signed.

Post:

Department:

Post holder:

Market Supplement: £

Payable with effect from:

I have read and agree to the conditions of the Council of the Isles of Scilly's Market Supplement Policy.

I understand that this market supplement is allocated for a period of one year and thereafter will be reviewed on an annual basis. It may also be reviewed at any time when recruitment is taking place for a similar post or if my post is subjected to job evaluation.

I accept that the market supplement may be withdrawn or reduced in the circumstances by the giving of 3 months' notice which is subject to the notification procedure set out in the policy.

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.

While I am being paid a market supplement, it will be pensionable. It will also attract tax and national insurance contributions. I accept that I am not entitled to have the market supplement taken into account in the calculation of any redundancy payments.

Signed:

Date:

Please return this form to Human Resources.