



Market Supplement Procedure

Purpose

This document sets out the Council's approach to ensuring we can attract and retain the right level of skills, knowledge, and expertise to deliver the City Plan and all associated objectives, by offering a flexible approach to any additional remuneration we may seek to award to an individual or group of employees.

Document Control

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1. Introduction

- 1.1 At times it can be difficult to retain employees or recruit to 'hard to fill' posts. Market supplements are a way of tackling recruitment and retention issues by temporarily increasing the pay awarded to a post without altering the grade for that post which has been determined through the job allocation process.
- 1.2 For the Council to meet its obligations, with respect to equal pay, market supplements must be objectively justified with a sound business case and then regularly reviewed to determine if they are still necessary.
- 1.3 This procedure sets out when market supplements may be paid, the process by which these cases are considered and approved, and the main conditions applied to the supplement. This procedure applies to all employees of Sunderland City Council.

2. Procedure

- 2.1 Market supplements may be awarded when it can be demonstrated that the salary offered for the 'hard to fill' posts is significantly lower than is being offered elsewhere for the same or very similar position. Managers must demonstrate that the salary on offer is having an adverse impact on the ability to recruit and retain staff.
- 2.2 A 'hard to fill' post is one in which there has been proven recruitment or retention difficulties or there are known significant national shortages. The value of any market supplement is determined by a comparison of the remuneration for the Sunderland City Council post against relevant market rates for similar posts.
- 2.3 A market supplement must not be used to reward individual performance.
- 2.4 Market supplements should be paid as a separate and clearly identifiable addition to basic pay and should be paid to all in the relevant post i.e., if there is more than one of the particular post, all postholders should receive the supplementary payment.
- 2.5 Market supplements should be time-limited payments and last no longer than three years. If a market supplement is still required after three years then a new market supplement application will need to be made and the approval process outlined in section 3 of this report should be followed. The market supplement will be reviewed prior to its expiry date (see section

on 'The Review Process', below) however if circumstances change, the market supplement should be reviewed at that point.

2.6 It should be noted that recruitment and retention problems can be caused by factors other than pay e.g., work environment or job design. Until these other factors have been considered it is not appropriate to pay a market supplement.

2.7 Firstly, the grade of the post should be reviewed to ensure that it has been appropriately allocated to reflect current job demands and responsibilities.

2.8 If it is confirmed that the grade of the post(s) has been appropriately allocated, it should be considered whether factors other than the base salary is (are) the cause of the recruitment / retention difficulties. Consideration should be given to the following in every case (one or more factors may be the cause of recruitment/retention difficulties so all that are applicable should be noted):

- If insufficient job applications have been received and / or applications are not of an acceptable standard, have other recruitment initiatives been tried and exhausted (for example, through different / targeted advertising)?
- Does the job description and person specification properly reflect the demands and requirements of the role?
- Has the value of the total reward package and all employee benefits been promoted effectively to applicants / candidates?
- Have opportunities for learning and development and career progression been highlighted regarding these posts?
- Could changes to working arrangements make the post[s] more attractive (such as flexible working options)?
- Could new career pathways or training relieve shortages in respect of specific occupational groups?
- Regarding staff turnover, is there evidence from staff surveys, exit interviews or union representatives that unresolved and / or recurring workplace dissatisfaction could be significant contributory factors which need to be addressed?
- Is there anything else the Manager can think of which may be the cause of the recruitment/retention difficulties not already listed above?

2.9 If measures to address 'non-pay' factors (those listed above) have not succeeded or cannot be implemented for valid reasons, or if alternative measures are not practicable because the need to fill posts or retain staff

is urgent and essential to maintain service delivery and standards, the final check is as follows:

- Is there clear evidence that competitor employers' pay is the main driver in attracting staff away from the Council and / or deterring potential recruits? Such clear evidence could be gathered, for example, from exit interviews, competitor job adverts, etc.

2.10 Where there is a real business need to recruit / retain staff in 'hard to fill' posts, if the problem cannot be resolved through the job allocation process in the first instance; if it can be shown that 'non-pay' measures will not resolve the problem; and there is evidence that uncompetitive pay must be addressed to resolve it, it would be appropriate to make an application for approval to pay a market supplement.

2.11 As a result of carrying out the above checks, most of the evidence required to meet the qualifying criteria for approval of a payment will have already been gathered and should be attached by the Manager to the application.

3. Application Process

3.1 For the Council to meet its obligations with respect to equal pay, market supplements must be objectively justified with a robust business case to support the request. Managers are required to complete the attached proforma which can be found at Appendix 1.

3.2 All applications for market supplements must demonstrate a clear rationale for their payment, supported by evidence.

3.3 The post or group of posts in question must be identified along with the number of post holders.

3.4 Criteria for the approval of an application are as follows:

(a) Evidence of pay-related recruitment and / or retention difficulties (such as turnover rates in the specific posts or job group; responses to job advertisements or other recruitment initiatives; qualitative assessment of job applicants; details of other measures taken to boost recruitment and / or improve retention and the outcome).

(b) An explanation (with evidence) of the impact on service provision and delivery which would result from failure to recruit / retain the number, level and caliber of staff required; and

- (c) Clear evidence that the organisation's rates of pay for the defined post or group of posts falls below the required level in relation to the comparator market.

All three criteria should be met prior to an application being approved.

4. Identifying the comparator market and relevant market data

4.1 The comparator market will depend on the type and level of the specific posts or group of posts for which an application for a market supplement is to be made.

4.2 Account should be taken of:

- The employment sector – local authority (unitary / district / county); wider public sector; not-for-profit; private sector;
- The geographic labour market – national, regional, or local; (where are recruits expected to come from and where are competitor employers located?).
- The organisations considered to be the main competitors for the post[s];
- The size and resources of the organisation (number of staff employed; budget size; functions; population / client base served); and
- Other labour market factors such as high employment rates.

5. Determining the amount of market supplement

5.1 Setting the amount and length of a market supplement involves assessing the level which is considered the minimum amount necessary to ensure that the overall remuneration for the post[s] is sufficient to enable the recruitment / retention of staff.

5.2 The Recruiting Manager should calculate the level of the proposed supplement in conjunction with their Assistant Director or equivalent. They should consult their HRD Business Partner with the details and confirmation that the criteria have been met.

5.3 It is for the Assistant Director/equivalent to submit the documentary evidence for approval. The role of the Specialist Lead – People Management is to ensure that

the criteria for market supplements are applied consistently across the authority.

- 5.4 When the above criteria have been tested, the documentary evidence produced by the Assistant Director and the proposal is verified by the Specialist Lead-People Management, this should be submitted to the Executive Director/Director of the service area wishing to introduce the market supplement, for their approval.

If the market supplement pertains to an Executive Director/Director then the proposal will be submitted to the Chief Executive Officer for consideration and approval.

- 5.5 The decision will to be recorded and documented using the proforma at Appendix 2.

- 5.6 If a market supplement is agreed to be paid, the supplement must also be applied to all existing employees in the same post.

6. Review process

- 6.1 It is important that market supplements are reviewed to ensure they are still relevant and necessary. A review will take place prior to the expiry of the market supplement and no later than at the midway point of the approved duration of the market supplement. Up to date evidence will be required if the market supplement is to continue. The evidence that will be required is outlined in section 3.4 of this report and it is the responsibility of the manager who is managing those in receipt of the market supplement to gather this evidence with the support of their HRD Business Partner. Approval from Finance, the Specialist Lead for People Management and the Executive Director/Director for the relevant directorate will be required for the market supplement to continue at the point of review.

APPENDIX 1

APPLICATION FOR APPROVAL FOR PAYMENT OF A MARKET SUPPLEMENT

1. POST DETAILS

Directorate	
Department	
Post title	
Position identification number	
New / existing post	
Number of staff in this post (include and identify any vacant posts)	
Grade of position	
Annual Salary	£
Total amount of market supplement requested	£
	per annum
Period for which the payment of a market supplement is sought (months / years)	
Is this an application for approval of a new market supplement or continuation of an existing one?	New/Extension (Delete as appropriate)

2. JUSTIFICATION FOR PAYMENT

This section asks for evidence in support of the request for payment of a market supplement. (All boxes must be completed).

1. Attach the job description, person specification and organisation chart for the position which the application relates to.	
2. Please provide the date of the last allocation for this post and confirm that it has been checked recently.	(Insert date)
3. How many times has the post been advertised?	

4. How many applications were received?	
5. Were any of the applications satisfactory and could be progressed to the interview stage?	Yes/No
6. Please provide the turnover rates for this position over the last two years.	
7. Do you have any supporting information obtained from exit interviews, staff surveys or feedback? Please provide copies.	Yes/No
8. Please provide copies of any relevant advertisements or salary surveys from professional journals which illustrate the salary level for this position.	
9. What evidence is there that pay (and not some other factor) is causing the recruitment / retention problems being experienced?	
10. What other recruitment / retention initiatives have been tried / exhausted? (e.g., changes in methods / types of advertising; changes to information for potential job applicants).	
11. Have alternatives to paying a market supplement been considered, i.e., measures to resolve 'non-pay' issues underlying the recruitment / retention difficulties? If so, please specify.	

For example:

- Is there a regional / national shortage for which new / alternative training schemes would be a more appropriate solution?
- Are there issues within the occupational group, service or team that could be more appropriately resolved by management action?
- What other measures have been explored? (e.g., appropriate changes to the job role or responsibilities; changes to working arrangements; flexible working options)

12. Is filling the post[s] essential to maintaining adequate staffing levels to ensure service delivery requirements are met? (Include any legal implications and how long the post[s] have been vacant)

13. Has the impact of making the payment on other staff in the team / service been considered and how do you intend to deal with this?

14. Labour market data: the 'going rate' for the job:

- a) What appears to be the 'going rate'?
- b) Is this the 'going rate' for the job in the locality / region / national or occupational labour market?
- c) What sources have been used to obtain this data? (e.g., recent media advertisements, survey data, pay databases, other local authorities / schools, regional employer networks - please specify)

- a)
- b)
- c)

15. Comparable posts are those which are comparable to the post[s] for which a market supplement (or a continuation) is sought, assessed based on the criteria below.

Please provide the following information for comparable posts.	
Job Title:	
Salary Range:	
Other Benefits	
Authority/Organisation	
Supporting documentation attached	

PAYMENT AMOUNT AND TYPE

<i>Total amount of payment recommended (per annum)</i>	£
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Additional Comments

Include any additional information in support of this application not mentioned elsewhere.

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1. SIGNATURE OF MANAGER MAKING THE APPLICATION

Name	
Signature	
Job title	
Date	

APPROVAL – Assistant Director or equivalent
Comments (if applicable):

Name & Job Title:		Date:	

Market Supplement Approval



HR Advice			Please tick
Verification – HRD BUSINESS PARTNER			
Name & Job Title:		Date:	

Finance			Please tick
Financial Implications considered – this section cannot be completed until all job allocations are complete			<input type="checkbox"/>
Name & Job Title:		Date:	

APPROVAL 1 – FINANCE			
Comments (if applicable):			
Name:		Date:	
APPROVAL 2 – SPECIALIST LEAD FOR PEOPLE MANAGEMENT			
Comments (if applicable):			

Name:		Date:	
APPROVAL 3 – EXECUTIVE DIRECTOR/DIRECTOR			
Name & Job Title:		Date:	
Comments (if applicable):			