

## LOCAL GOVERNMENT SERVICES JOB EVALUATION SCHEME:

### TECHNICAL NOTE NO. 15: MARKET SUPPLEMENTS

#### 1. Introduction

- 1.1 The NJC recognises that financial pressures and pay restraint have impacted on the competitive position of public sector organisations as employers. Where organisations find it difficult to recruit to specific posts and / or retain employees in those posts, the payment of a market supplement to base salary may be necessary.<sup>1</sup>
- 1.2 Typically, a market supplement may be paid where the 'going rate' for a specific job or specialism is higher than that offered by the organisation and it has been unable to recruit / retain post-holders as a result. A market supplement, paid separately as an 'off-spine' payment, should not compromise the pay and grading structure. However, there are tensions between market pricing and job-evaluated grading and pay structures which call for a carefully managed approach to the use of market supplements. Management of the process for paying the market supplement and associated legal considerations are particularly important, as this note sets out.
- 1.3 The note expands on the Part 4.9 (para. 25) guidance on market supplements. It draws on current best practice in the public sector and covers:
- Guiding principles for the payment of market supplements
  - Equal pay and equality impact assessment
  - Checks to ascertain whether the payment of a market supplement is warranted
  - Qualifying criteria for the payment of market supplements
  - Identifying the comparator market
  - Sources of market pay data
  - The amount of market supplement to be paid
  - Duration of the supplement and review arrangements
  - Payment of market supplements – employment contract provisions

#### 2. Summary of the guiding principles for the payment of market supplements

- 2.1 This section outlines guiding principles for the payment of market supplements. Putting the principles into practice is discussed in subsequent sections.
- Organisations should have a formal policy on the use of market supplements, if one is not already in place. Existing policies should be reviewed regularly and equality impact assessed to ensure they are up-to-

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<sup>1</sup> 'Market supplement' is used to cover a range of terms including 'market rate supplement', 'market forces supplement', 'market pay supplements', 'market factors payment' and 'labour market addition'.

date and fit for purpose. In line with their policy, organisations should devise a standard application form for the payment of a market supplement for use by managers across the organisation. This helps ensure that a consistent approach is taken in regard to the qualifying criteria for payment and the supporting evidence that will be required for the approval of applications. (An application form template is set out at Appendix 1)

- Care must be taken to prevent the indiscriminate or uncontrolled use of market supplements which would jeopardise the integrity of the job-evaluated grading and pay structure, potentially expose the organisation to legal claims and undermine budgetary control and cost management.
- Payment of market supplements should only be considered where it can be shown that the problem cannot be resolved by the use of the organisation's job evaluation and grading processes.
- 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.
- Market supplements should be time-limited payments. Prior to the expiry date, or if circumstances change (as discussed later), the payment of the supplement should be reviewed.
- Organisations will have different budgetary processes depending on their size and circumstances. In general, costs associated with market supplements should be included as part of annual budget preparations. The contractual conditions for the payment and withdrawal of market supplements should be clearly set out for recipients (and potential recipients), including notice provisions.
- The employment relations implications of paying market supplements must be considered at an early stage (before an application for payment is made). The payment of market supplements to some staff but not others can give rise to concerns about fairness. Having a transparent approach to the use of market supplements is essential.
- The NJC recommends that employers consult the recognised unions in respect of payments of market supplements. The union[s] should be informed when the payment of a market supplement for a specific post or group of posts has been authorised.

### **3. Equal pay and market supplements**

3.1 Organisations must take care to ensure that the payment of market supplements does not expose them to potential equal pay claims.

3.2 The payment of a market supplement could result in a difference in the pay of men and women doing equal work. This would occur, for example, where a male and female employee do different jobs but their work is rated as equivalent under the job evaluation scheme used by the organisation. His post attracts the payment of a market supplement; her post does not (or vice versa). The female employee could claim that she is not receiving the supplement because she is a woman or (which is more likely) that the posts in receipt of market supplements are occupied mostly by men, while her post and the others doing the same job as her, are mostly occupied by women.

- 3.3 The employer has a defence against an equal pay claim where it can be shown that the difference in pay is explained by a 'material factor' that does not involve direct or unjustified indirect sex discrimination. The availability of a 'market forces' defence was affirmed by the European Court in *Enderby v Frenchay Health Authority and anor* 1994 ICR 112 ECJ.
- 3.4 Market supplements have been held to be a 'material factor' in some (but not all) cases (see below).
- 3.5 If the payment of a market supplement involves indirect discrimination, for example, where the practice is detrimental to a larger proportion of women than men, it must be objectively justifiable, that is, it must be a proportionate means of meeting a legitimate aim.
- 3.6 To provide a complete defence against an equal pay claim, the Equality and Human Rights Commission (EHRC) advise that 'market forces must account for all the difference in pay, and not just a part of it. If not, the courts will determine what proportion of the difference is accounted for by market forces' (EHRC *Equal Pay Checklist 9*).
- 3.7 Organisations can minimise the risk of equal pay (and other legal challenges) relating to market supplements by having systematic, clear, consistent and documented processes for dealing with market supplements at every stage, from proposal to review. The rationale and business need for market supplements for the specified post[s] must be evidenced. (The section on qualifying criteria gives examples of the type of evidence which should be provided by managers when applying for approval for the payment of a market supplement.)
- 3.8 The market forces defence has failed where there was a lack of transparency in the rationale for paying a market supplement, so that it could not be explained why a male employee received the payment, while a female employee doing equal work did not (*Barton v Investec Henderson Crosthwaite Securities Ltd*, 2003 ICR 1205, EAT).
- 3.9 It should also be noted that even where the employer's decision on pay is transparent, a market forces defence may not succeed where the 'going rate' for the applicable job[s] is tainted by sex discrimination due to social and / or economic factors impacting adversely on women (*North Yorkshire County Council v Ratcliffe and ors* 1995 ICR 833; *Newcastle upon Tyne Hospitals NHS Foundation Trust v Armstrong and ors* 2010 ICR 674, EAT).
- 3.10 In conducting equal pay audits, organisations should include the payment of market supplements.
- 3.11 Later sections give examples of hypothetical equal pay challenges and how to avoid them.

#### **4. Equality impact assessment and monitoring**

- 4.1 An equality impact assessment should be undertaken by the organisation in respect of its proposed policy on market supplements. An existing policy should be impact assessed where significant changes are proposed or have been made since its inception, or where the policy has not been impact assessed previously.
- 4.2 The organisation should monitor the overall application of the policy to ensure that it is being applied in a consistent and non-discriminatory way. Monitoring should be undertaken by gender and protected characteristics for which the organisation holds the requisite data. It should include analysis (by service / department / job role) of the number of applications received, rejected and approved; amounts paid; and the outcomes of reviews. It is recommended that equality monitoring reports on market supplements (see below) are shared with the union[s].
- 4.3 The next section outlines the checks that should be made by management in order to determine whether the circumstances warrant the payment of a market supplement.

#### **5. Checks to ascertain whether payment of a market supplement is warranted for a specific post or groups of posts / specialism**

- 5.1 The following checks should be carried out sequentially.
- 5.2 Firstly, organisations should check that the posts have been properly evaluated to reflect current job demands:
- Has good practice and NJC guidance been applied, including the NJC revised factor guidance (July 2013) and updated technical notes?
  - In the case of posts for which the NJC has produced job profiles, have evaluations been checked against the relevant NJC profiles?
  - Is there any other evidence (such as numerous grading appeals) which might indicate that posts have been incorrectly evaluated and graded?
  - Is there a case for re-evaluating the post[s]? Have there been any significant changes in the demands of the job[s] since the initial evaluation to the extent that a re-evaluation could lift the post into a higher grade?
- 5.3 If it is confirmed that the evaluation of the posts has been properly conducted, organisations should then investigate whether a factor (or factors) other than base pay is (are) the cause of the recruitment / retention difficulties in relation to these posts:
- 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)?

- Do job descriptions and person specifications 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 in regard to 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?
  - In regard to 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?
- 5.4 If measures to address 'non-pay' factors (such as 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 your organisation and / or deterring potential recruits?
- 5.5 In summary, where there is a real business need to recruit / retain staff in 'hard to fill' posts, if the problem cannot be resolved through the organisation's job evaluation / grading processes 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.
- 5.6 As a result of carrying out these checks, most of the evidence required to meet the qualifying criteria for approval of a payment should have already been gathered. The qualifying criteria are discussed in the next section.
- 5.7 Each organisation will need to decide whose responsibility it is to gather evidence and submit applications and which managers (and at what level) are to be involved in approving applications and authorising payment. Typically, line managers are responsible for identifying the specific post[s] for which a market supplement is sought, making the comparison and gathering supporting evidence. Line managers are advised to seek assistance from HR, particularly on identifying the comparator market and obtaining relevant market data on comparator posts (see below). The organisation's policy must set out the process for approval, specifying the responsibilities of the officers involved (including HR) and the level of seniority required for making the final decision on authorising payments.

## **6. Qualifying criteria for the payment of market supplements**

- 6.1 All applications for market rate supplements must demonstrate a clear rationale for their payment, supported by evidence.
- 6.2 The post or group of posts in question must be identified (post number[s]; title; grade / band) along with the number of post-holders (including current vacancies).
- 6.3 Recommended criteria for the approval of an application are as follows:
- i. 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).
  - ii. An explanation (with evidence) of the impact on service provision and delivery which would result from failure to recruit / retain the number, level and calibre of staff required.
  - iii. 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. (The 'required level' would need to be determined by the organisation at the time, taking account of relevant market data and the needs of the service.)

All three criteria should be met.

## **7. Identifying the comparator market and relevant market data**

- 7.1 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.
- 7.2 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 – transnational, 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] in question;
  - The size and resources of the organisation (number of staff employed; budget size; functions; population / client base served);
  - Other labour market factors such as high employment rates.
- 7.3 Great care needs to be taken in identifying (market) comparator posts. The wrong selection of comparators would defeat the purpose of the exercise – the organisation is unlikely to succeed in recruiting 'the right person / people at the right price'. The cost implications of getting it wrong are significant

because when a market supplement is introduced for a particular post, it will be paid not only to the new recruit[s] but to all existing staff in that post. It is also important to avoid potential equal pay challenges (see below) and to maintain a pay system which is transparent and fair.

- 7.4 In identifying comparator posts from market data, the posts should be the same, in terms of duties and responsibilities, or broadly similar in terms of the required knowledge, skills and responsibilities. Drawing on current examples of local authority practice, supporting evidence would include at least three or four examples of comparable jobs (in terms of the main duties, responsibilities, terms and conditions and total reward package). Some authorities require job descriptions and person specifications for comparable roles to be provided. (Job descriptions should never be relied upon on their own.)
- 7.5 The organisation could be exposed to equal pay challenges where, for example, the claimant (doing a job not attracting a market supplement) could show that the payment of market supplement paid to her comparator[s] was based on a mismatch with market data. In this scenario, the claimant would argue that the jobs identified from market survey data were not the same or comparable (in terms of job demands) with the internal post[s] (rated as equivalent to her post) for which the organisation sought recruits and pays a market supplement. If the job demands of the external posts used for the market comparison were found to be significantly less than those of her post the market forces defence would be undermined.
- 7.6 Equal pay issues could arise where starting salaries are at the discretion of managers and markets supplement are then also paid. Typically, new starters are placed on the bottom point of the appropriate grade for their (evaluated) post. Where managers have discretion to put new starters on a higher spinal column point (because, for example, in a hard-to-fill post, an incoming employee was on a higher salary with the previous employer), the subsequent application of a market supplement to all post-holders doing the same job in this grade could (on the face of it) give a 'two-times advantage' to the employee whose higher starting rate already reflected (to an extent) tight occupational labour market conditions. This could give rise to an equal pay challenge.
- 7.7 To defend such a claim the employer would need to show that the payment of the market supplement to a comparator already on that higher spinal column point was justified. The employer will therefore need to be able to show that the comparator's rate of pay with the supplement was still in line with the 'tight' market conditions for that role. In some cases it may therefore be appropriate to pay a lower market supplement to those on a higher spinal point.
- 7.8 On pay, if the comparison includes elements of the reward package other than basic pay, this should be clearly identified. It is important that there is not a mismatch in comparing pay data.

7.9 The next section discusses sources of market pay data and issues to be considered when using salary surveys.

## **8. Sources of market pay data**

8.1 In deciding which salary survey or pay benchmarking data to use, the following questions serve as a useful guide (adapted from the CIPD *Using Pay Surveys Checklist*, 2011):

- Who are the publishers of the survey? How, when and why do they produce the figures? (Is the sample size large enough; is it stable over time; are the figures up-to-date; have some companies inflated their pay data to keep it up to date; is the survey analysis objective?)
- Are your competitor employers represented in the survey[s]? How can you be sure that you are matching like-for-like in terms of organisations? (While survey responses are usually anonymised, some include a list of participants.) Is the regional, national or occupational labour market most important in relation to the posts or specialisms in question? (This will vary depending on the job. Many current shortages are in professional and technical practitioner roles for which there is an occupational labour market.)
- What if the job in question is unique? (Logically, there will not be a 'going rate' for a job which is unique to your organisation so direct matching is not possible. Based on the job demands, you could look for a job of equivalent worth to use as a reference point.)
- What elements of earnings are covered by the figures? (Salary surveys vary in the data they provide – from basic pay only to total salary and sometimes wider benefit packages.)
- How many surveys are needed? (It depends on the survey used, what it covers, and the range of jobs for which data is needed)
- What is the cost of the survey[s]? (Some survey results are only available to subscribers.)

8.2 Traditionally, for pay benchmarking, local authorities have used data from sources such as local / national advertisements, neighbouring authorities, regional local government employer networks, HR or profession-specific networks, consultants' pay databases and salary surveys and pay settlement data.

8.3 When researching 'going rates' of pay, the golden rule for using salary survey or pay benchmarking data is to compare like with like. Importantly, this includes checking the data definitions used in surveys to ensure that 'apples' are being compared with 'apples'.

8.4 For sharing and comparing public sector pay data, Epaycheck, a national online pay benchmarking service has been developed by a consortium of Regional Employers' Organisations which now includes the LGA. At the time of writing, it is on offer to local authorities and joint boards, with plans to make it available to other public sector organisations in the near future. Currently, it holds details for over 12,500 jobs, covering almost 50 job families, across 200

councils. Epaycheck enables subscribers to produce detailed data reports across organisation types, geographical areas, key services and job responsibilities. One of its cited advantages is it allows the user to provide a sound basis for setting market supplements.

- 8.5 The Epaycheck system contains a separate job template for every 'workforce' (Green Book) job for which pay data can be submitted. Jobs are categorised by job family and by levels (0 to III) within their family. (Levels reflect the level of seniority of a post determined by knowledge, responsibility and accountability.) Each job template shows the generic responsibilities commonly found within a local authority at that level within that job family. The system requires the user to define the closeness of their local role against the generic job template, using codes for match indicators (M, M- or M+). A match ('M') indicates a full match to the responsibilities, accountabilities and competencies required for the authority's job against the job template in Epaycheck. A variation of 5% either way is still classed as a match.<sup>2</sup> The inclusion of bespoke duties for individual jobs does not preclude matches as matching is based on what are considered to be the main generic responsibilities of the role. In identifying matches, bespoke duties should be scrutinised to check that the job demands of these duties are accounted for in the main generic responsibilities and the ascribed level. (If not, this could prejudice the matching process were the variation to exceed 5%.)
- 8.6 Market pay data should be shared with trade unions.

## **9. Amount of a market supplement**

- 9.1 After the appropriate comparator post[s] has (have) been identified, along with the relevant market data on pay, the next step is to determine the amount of the market supplement.
- 9.2 The starting point is to assess the extent of the difference between the comparator market range and the equivalent grade range for the post[s] within the organisation. If the basis for the assessment is the difference in basic pay, account should be taken of any additional allowances that apply to the organisation's and competitor employer[s'] posts.
- 9.3 Setting the amount of a market supplement involves making an assessment of:
- The level which is considered necessary to ensure that the overall remuneration for the post[s] is sufficient to enable the recruitment / retention of staff (and no higher).
  - Within the framework of its pay policy, where the organisation wants to position itself in relation to the comparator market. This could vary according to the type or level of post[s] concerned and the specific recruitment / retention difficulties experienced. (Because these decisions

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<sup>2</sup> The Epaycheck variation serves as an indicator of the extent of the match between compared roles. In matched pairs where the variation is up to 5%, there may be some difference in salary, because the jobs are not a full match. Variations in excess of 5% would indicate the jobs are not a match.

determine the extent of the pay difference between posts in receipt of a supplement and non-recipient posts, it is important that the rationale for them is transparent and evidenced.)

## **10. Duration of the market supplement and review arrangements**

- 10.1 Market supplements should be time-limited and subject to review to ensure that at all times it can be shown that the market forces relied on remain the reason for any pay differential. Typically, public sector organisations stipulate a standard period for their payment, subject to review.
- 10.2 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 other (non-pay) measures have resolved the problem, or labour market conditions have changed so that vacancies are no longer hard to fill.
- 10.3 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.
- 10.4 Typically, in local government, the standard period for the payment of a market supplement is up to two years, subject to review after 12 months. The supplement expires unless it is extended following a review. A review may result in the payment being increased, reduced, or removed. (Contractual issues are covered in the next section).
- 10.5 A review should also take place if a post in receipt of a market supplement is re-graded (following an evaluation) to assess whether there remains a need to pay a supplement, or vary the amount. When a post is upgraded, the market supplement should be reviewed.
- 10.6 Organisations will need to decide the approach to be taken when a post-holder in receipt of a market supplement leaves. A review could be automatically triggered or it might depend on how much time has elapsed since the approval of the application for payment or last review, or if the number of leavers is significant. Employees' contractual terms and conditions must be taken into account (see below) when payments are to be varied or withdrawn. Also, the employment relations implications should be considered, for example, in the situation where the supplement is no longer paid to new starters who are working alongside employees still in receipt of the payment but subject to its expiry in accordance with the contract.

## **11. Paying market supplements – contracts of employment**

- 11.1 The organisation's policy on market supplements should apply to all employees whether employed on a permanent, temporary or fixed-term basis.

- 11.2 A market supplement is a post-related payment, not a payment relating to the performance or merit of an individual employee.
- 11.3 Where a market supplement is introduced for a specific post or group of posts, all existing employees in that post (or those posts) will be entitled to receive it. A payment could be made to an individual in a post but only in rare and exceptional cases. There would have to be a clear and non-discriminatory rationale for distinguishing this post from the others undertaking a similar role, as there is a risk of 'like work' equal pay claims.
- 11.4 When the payment of a market supplement has been approved, all employees entitled to receive it must be notified in writing of its approval and the conditions attaching to its payment.
- 11.5 When advertising and recruiting to any post[s] for which a market supplement is paid, the supplement should be identified as a separate amount which is time-limited and subject to review.
- 11.6 Market supplements should not be subject to pay protection. If posts (or a post) in receipt of a market supplement are (is) downgraded, this should normally trigger a review of the supplement to ensure that its payment remains justified. Otherwise, continued payment could be vulnerable to challenge on equal pay grounds.
- 11.7 Where, as a result of a review, a market supplement is to be reduced or withdrawn from existing employees, new employees will not be eligible for payment. Existing employees should receive contractual notice of any change to the supplement payable.
- 11.8 Where a post-holder in receipt of a market supplement payment is promoted (or changes jobs) to a post not in receipt of a supplement, or moves voluntarily to a post with a lower or no supplement, the payment should cease (or reduce) with effect from the date the appointment is made. Where the change in post is a result of re-deployment at the instigation of the employer, contractual notice of the withdrawal (or reduction) of the payment should be given as it should for any other changes to the contract.
- 11.9 Some organisations allow individual employees to appeal against the reduction or withdrawal of market supplement payments. If there is no specific right of appeal, an individual employee has recourse to the grievance procedure. However, as issues relating to payment (or changes in the payment) of market supplements will normally affect a group (or groups) of employees, they are probably best dealt with (if not resolved informally) within the organisation's collective grievance or disputes procedure.
- 11.10 Typically, because market supplement payments are paid as a fixed amount in addition to the substantive salary for the post, they are not increased in line with annual pay awards / cost of living increases and / or incremental progression.

- 11.11 Market supplements should be paid as a clearly identifiable and separate supplement to basic pay. Where the recipient post-holder[s] is [are] part-time workers, the supplement should be paid at the pro rata rate.
- 11.12 Market supplements are commonly paid on a monthly basis. Some organisations make a cash lump sum payment (for example in two instalments, in the first and second year of employment).
- 11.13 Market supplement payments are subject to any relevant statutory deductions, such as tax and national insurance and pension contributions (if applicable).
- 11.14 Practice varies as to whether supplements are treated as part of gross pay and thereby included in calculations for sick pay, maternity / parental leave, overtime, holiday pay, and redundancy pay (for example); or whether, as supplements are not consolidated into the post-holder's salary, they are not be used in calculating payments such as contractual sick pay. As well as considering the terms of the contract though employers will where relevant need to check the statutory rules, for example on statutory maternity pay (SMP) and statutory redundancy pay, to determine whether the supplement must be factored into those payments.
- 11.15 Practice also varies in relation to reviewing / withdrawing payment in cases of long-term sickness absence. A condition attached to the payment of a market supplement in some organisations is that the employee remains in post for a specified period (for example, one year for which the payment is made); and that if the employee decides to leave within that period, repayment of all or some of the supplement may be required.

### References

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<http://www.equalityhumanrights.com/private-and-public-sector-guidance/employing-people/equal-pay/checklists-equal-pay-in-practice/9-market-forces-and-pay> (Last updated 06 July 2009).

Epaycheck and the Local Government Association (2015) *Epaycheck*. Available at: [www.epaycheck.org.uk](http://www.epaycheck.org.uk)

**APPENDIX 1****APPLICATION FOR APPROVAL FOR PAYMENT OF A MARKET SUPPLEMENT**

This form is to be completed by the line manager, signed by the [insert relevant senior service / departmental / corporate manager] and forwarded to [insert job title] for final authorisation.

*It is recommended that the application form sets out briefly the formal procedure for approving applications in the organisation.*

**1. POST DETAILS**

<b>Post title</b>	
<b>New / existing post</b>	
<b>Post group number</b>	
<b>Number of staff in this post (include and identify any vacant posts)</b>	
<b>Directorate</b>	
<b>Department</b>	
<b>Grade / pay band / job family level</b>	
<b>Salary</b>	
<b>Total amount of market supplement requested</b>	
<b>Period for which the payment of a market supplement is sought (months / years)</b>	
<b>Is this an application for approval of a new market supplement or continuation of an existing one?</b>	

**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).

<b>(1.) Describe the job or group of jobs for which payment of a market supplement is requested: Give a brief outline of responsibilities. (Attach the job description, person specification and organisation chart)</b>
<b>(2.) Please confirm that the evaluation of the post[s] has been checked recently to ensure it is up to date and correct.</b>
Confirmed (please tick):

(NB: This check must be carried out prior to making an application for approval of payment of a market supplement.)

**(3.) What evidence is there of pay-related recruitment and / or retention difficulties?**

- a) Number of times the post has been advertised (including dates of adverts)
- b) Number of responses to job advertisements
- c) Assessment of the quantity of responses (e.g. inadequate, satisfactory)
- d) Assessment of the quality of responses (e.g. below required standard, satisfactory)
- e) Turnover statistics for the post[s]
- f) Supporting data from exit interviews, staff surveys or other feedback
- g) Articles in professional bodies' journals / websites, press etc re skill shortages and / or evidence from national surveys (LGA surveys, for example)

**(4.) What evidence is there that pay (and not some other factor) is causing the recruitment / retention problems being experienced?**

**(5.) What other recruitment / retention initiatives have been tried / exhausted? (eg. changes in methods / types of advertising; changes to information for potential job applicants)**

**(6.) Have alternatives to paying a market supplement been considered, ie. 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? (eg. appropriate changes to the job role or responsibilities; changes to working arrangements; flexible working options)

<b>(7.) 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)</b>
<b>(8.) 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?</b>
<b>(9.) Labour market data: the 'going rate' for the job:</b>
<ul style="list-style-type: none"> <li>a) What appears to be the 'going rate'?</li> <li>b) Is this the 'going rate' for the job in the locality / region / national or occupational labour market?</li> <li>c) What sources have been used to obtain this data? (eg. recent media advertisements, survey data, pay databases, other local authorities / schools, regional employer networks - please specify)</li> </ul>
<ul style="list-style-type: none"> <li>a) [INSERT £ per annum]</li> <li>b)</li> <li>c)</li> </ul>

### **(10.) Comparable posts**

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

Please provide the following information for comparable posts in **three** organisations.

#### **Post 1:**

*(This example includes the questions for post 1 only. They will be the same for posts 2 and 3.)*

<b>Job title</b>	
<b>Salary range</b>	
<b>Other benefits</b>	
<b>Authority / organisation</b>	

<p>a) Key requirements in the job description and person specification? b) How do they compare with the internal post[s]?</p>	
<p>How does the ('comparable') post compare in terms of job size, type of organisation, scope and responsibilities? (eg. re local population, number of people directly supervised, number employed in service area, size of budget etc.)</p>	
<p>Any other factors to consider?</p>	
<p>What is the source of the above information? Please specify and attach copies of:</p> <ul style="list-style-type: none"> <li>• the job description</li> <li>• person specification</li> <li>• organisation chart (if possible)</li> <li>• job advertisements</li> <li>• salary survey data,</li> <li>• other supporting evidence</li> </ul>	

### 3. PAYMENT AMOUNT AND TYPE

Total amount of payment recommended (per annum)	£
Basis (or rationale) for the calculation of the payment	

If approved, how will the market supplement be paid?

Instalment amount (if applicable)	£
Frequency – monthly, quarterly, other	

### 4. SOURCE OF FUNDING (please specify)

*(E.g. the organisation may require payment of supplements to be met from the applying manager's service budget)*

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## 5. ANY OTHER COMMENTS

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

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## 6. SIGNATURE OF MANAGER MAKING THE APPLICATION

<b>Signature</b>	
<b>Your job title</b>	
<b>Department / directorate</b>	
<b>Date</b>	

## 7. SENIOR MANAGERS' / HR SIGNATURE / FINAL APPROVAL

*Those involved in counter-signing, approving applications and authorising payment will be specific to your organisation. The following basic wording is suggested:*

'I agree that the payment of a market supplement is appropriate in this instance; that all the necessary checks have been carried out in accordance with [insert the name of the organisation] policies and procedures; and that all other avenues have been explored appropriately.'

## 8. APPROVAL BY SENIOR / CORPORATE MANAGEMENT TEAM

*The body / officer authorised to approve applications will vary depending on the type of organisation. The box below uses the example of a senior or corporate management team.*

<b>Date of SMT / CMT</b>	
<b>Agreed</b>	Yes / No
<b>If 'no' – reason</b>	
<b>Details of any amendment and reason[s]</b>	
<b>Signed</b> [Insert job title of the person authorised to sign on behalf of the SMT / CMT]	

**9. ADMINISTRATION**

<b>Date manager informed of decision</b>	
<b>Effective date of payments / start of payment</b>	
<b>HR service / department informed</b>	[Insert date[s]]
<b>Names of staff to be paid the supplement and date they are informed of the decision in writing (with contractual conditions)</b>	[Attach details]
<b>Review date</b>	