

Employment Committee Report  
Report of Executive Head of Organisational Development  
Author: Clare Matton  
Tel: 01483 444022  
Email: Clare.Matton@guildford.gov.uk  
Lead Councillor responsible: Stephen Mansbridge  
Tel: 01483 444063  
Email: Stephen.Mansbridge@guildford.gov.uk  
Date: 10 February 2015

## Market Rate Supplement Policy

### Recommendation to Employment Committee

That the Employment Committee approves the adoption of the Market Rate Supplement Policy attached in Appendix 1 of this report.

#### Reason for Recommendation:

The adoption of a Market Rate Supplement Policy will provide the Council's Corporate Management Team with a means to manage the impact of the external market on the remuneration of employees in posts that are difficult to recruit and/or retain.

### 1. Purpose of Report

- 1.1 The Market Rate Supplement Policy will support the Council's Pay Policy. It provides a formal means of managing the impact of the external market upon the remuneration of posts that present the Council with difficulties in recruitment and/or retention.

### 2. Strategic Framework

- 2.1 By setting out clearly how the Council will manage the impact of the external market on employee salaries, the Market Rate Supplement Policy supports the Corporate Plan priorities of improving value for money and efficiency in service delivery while also demonstrating that we have effective governance in place to manage pay and remuneration of all our staff.

### 3. Background

- 3.1 The Council has never had a policy or procedure for managing the payment of market rate supplements in the past. However, in exceptional circumstances where it has proved difficult to recruit or retain employees in particular posts, due

to the impact of the external market, such payments have been made on an ad-hoc basis.

- 3.2 Additionally, one of the factors that has caused undue complexity in our current pay and grading structure is the impact of the external market in terms of salary for certain posts and professions over the years.
- 3.3 In order for the officers to operate a job evaluation process that provides the Council with a legally defensible position in the event it receives an equal pay claim we must ensure that we apply the evaluation process correctly.
- 3.4 There has been difficulty in the past recruiting and retaining employees within certain posts where the market salary for that role is higher than our Council would ordinarily pay a post at that level. On occasion therefore, in order to recruit or retain a person or persons into such a role the Council has paid the post holder or holders at a higher grade than a job evaluation process would have graded it.
- 3.5 The Council needs to avoid this situation in the future to enable it to maintain the integrity of its job evaluation process and its legally defensible status. Officers also recognise that we need to be able to recruit in a timely manner in response to business needs.
- 3.6 Adopting the proposed Market Rate Supplement Policy will enable the Council's Corporate Management Team to apply appropriate supplements where required in order to fill such posts where skills are scarce in the market place and therefore command a higher salary.
- 3.7 Historically the Council has seen these issues come and go over time with different professions and skill-sets. Therefore, to avoid the Council taking on the burden of high salaries for longer than necessary, for example when the skills become less scarce, officers need to be able to address such issues flexibly.
- 3.8 The proposed Market Rate Supplement Policy will allow officers to do this in a robust way, based upon proper business cases with a regular review process.

#### **4. Key principles of the Policy**

- 4.1 Market rate supplements will only be used in exceptional circumstances, when all other available measures have been taken to recruit or retain to the post or posts in question. The policy sets out a detailed procedure that ensures that sufficient evidence is provided to demonstrate why a market rate supplement is appropriate.
- 4.2 The policy emphasises that market rate supplements will not be appropriate in all cases and that there are a number of other measures that could be considered such as:
  - alternative ways of providing the service

- re-design of the job role or working arrangements
- targeted advertising
- new training or career pathways
- non-financial reward, such as training and development

4.3 A proposal for the introduction of a market rate supplement must be supported by a clearly evidenced business case and approved by a member of the Council's Corporate Management Team.

4.4 Any market rate supplements agreed will be for a fixed period of two years, whereupon a robust review will take place before it can be considered for extension.

4.5 Market rate supplements will not be increased in line with annual pay awards.

## **5. Financial Implications**

5.1 There are no financial implications to adopting this policy as the policy (in section 5.2) requires that unless otherwise agreed, the costs of any supplements must be met by the employing service within existing budgets.

## **6. Legal Implications**

6.1 The proposed policy has not been developed in direct response to legislative requirements. However, it will assist the Council, in conjunction with the use of analytical job evaluation, to ensure it complies with "the equality of terms" provisions within the Equality Act (the Act) 2010.

6.2 These provisions within the Act entitle a woman doing equal work with a man in the same employment, to equality in pay and other terms and conditions. The Act implies a sex equality clause automatically into her contract of employment, ensuring that her contractual terms, which include pay, are no less favourable than his.

6.3 The processes in the Market Rate Supplement Policy will ensure that no pay differences can be attributable to the post holder's gender, by requiring a robust business case supported by market data and a regular review period to justify the payment of any additional market rate supplement.

6.4 The Council's duty under Section 149 of the Act is to have "due regard" to the matters set out in relation to equalities when considering and making decisions. A consultation process on the Market Rate Supplement Policy with all staff and our equalities consultation group did not result in any issues, only positive comments were received.

## **7. Human Resource Implications**

- 7.1 The Market Rate Supplement Policy has been developed to support the Council's Corporate Management Team in its effective management of its human resources. It will act as a tool to support the Council to attract and retain skilled employees to enable the delivery of high quality services.
- 7.2 The Council's HR Team will be responsible for monitoring the overall application of this policy to ensure that it is being applied fairly and consistently.

## **8. Conclusion**

- 8.1 The Market Rate Supplement Policy will provide the Council's management with a clear and robust process to manage the impact of external markets on recruitment and retention to ensure the continued delivery of high quality services.
- 8.2 The policy sets out detailed processes and procedures to ensure that the payment of any market rate supplements are only made in exceptional cases and that they will be regularly reviewed to determine whether or not continued payment is necessary.

## **9. Appendices**

Appendix 1 Market Rate Supplement Policy