

DISCRETIONARY MARKET FORCES POLICY

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TENDRING DISTRICT COUNCIL

DISCRETIONARY MARKET FORCES POLICY

POLICY STATEMENT

The Council is committed to the principles of equal pay for work of equal value. The National Job Evaluation and Grading Scheme provides an analytical and non-discriminatory method of evaluating jobs. However, there may be exceptional circumstances, due to labour market conditions, where the evaluated grade results in an inability to successfully recruit or retain suitable staff for specific jobs. Under these exceptional circumstances, it may be appropriate to consider the payment of a Market Forces Supplement as a solution to this problem.

1. INTRODUCTION

This policy has been developed to ensure the Council has a clearly defined approach to applying Market Forces Supplements when a genuine business need arises. It also complies with the legal requirement that employers have objective justification if they offer different rates of pay to staff whose work is of equal value.

2. DEFINITION OF MARKET FORCES SUPPLEMENTS

A Market Forces Supplement is an additional, temporary payment to the basic salary of an individual job or specific group of jobs where market pressures would otherwise prevent the Council from being able to recruit or retain staff with a particular skill or group of skills.

The Council views Market Forces Supplements as 'Risk and Retention' payments, in that these incentives are provided to employees in critical roles, aiming to retain these highly skilled staff, by compensating them according to job market conditions.

3. EVIDENCE REQUIRED TO DEMONSTRATE MARKET FORCES MAY BE APPROPRIATE

Heads of Service/Assistant Directors must seek the consent of their Management Team member before any investigation can be undertaken (*including establishing potential budget provision*).

A Market Forces Supplement can therefore only be considered when a **comprehensive** business case is put forward by a Head of Service/Assistant Director (*personal/employee submissions are specifically prohibited*) and there has been rigorous **evaluation** of the evidence put forward. Examples of the type of evidence required are as follows:

- Pay data comparison for similar posts with other Local Authorities using Regional Employers pay profiles wherever possible, or a local survey of at least 5 authorities in the area with a similar post.
- Confirmation that at the top of the job evaluated grade for an identical or similar post, our salary is at least three standard increments lower based on the maximum salary.
- Any evidence that there is a **significant recruitment or retention risk**, e.g. national skills shortage data, higher than normal turnover.
- Confirmation that the requirements (*qualifications and experience*) set out in the advertisement and person specification are **essential** to undertake the specified duties.
- Evidence of any unsuccessful recruitment campaigns, including details of the number of applications received and a brief explanation as to why each candidate was not called for an interview, or was not appointed.
- That in the case of a career graded post, the salary being paid matches the level of duties and responsibilities set out in the career grade, i.e. appropriate action has been taken to accelerate the grade if the criteria has been met.
- The estimated cost of **repetitive recruitment campaigns**.
- Consideration of alternative methods of service delivery.
- Details of all posts to be covered by any Market Forces Supplement, the costs involved, and a financial appraisal carried out in consultation between the Corporate Director/Assistant Director and Finance colleagues.
- Confirmation from the Corporate Director/Assistant Director that there is budget provision for any additional payment(s).

4. HOW THE SCHEME WILL OPERATE

The Head of Service/Assistant Director is responsible for compiling evidence in a set format (*as outlined above*) in consultation with Human Resources colleagues.

The Head of Service/Assistant Director should then forward proposals, including recommendations on the actual value of the supplement to be applied, (*up to, or equivalent to a maximum of one grade in the authority's salary structure*), to Management Team for **discussion** in line with the requirements outlined within this Policy.

Formal delegation for the approval of Market Forces Supplements rests with the Head of Paid Service, who will consult with the Assistant Director of Partnerships, as well as the Chair and Vice Chair of the Human Resources & Council Tax Committee when considering the request.

If agreed, the supplement should be **considered** for all identical posts and any other relevant post where, for example, supervisory differentials are inappropriate.

5. REVIEW OF MARKET FORCES SUPPLEMENTS

The supplement will be payable for two years. If, after 18 months, the Head of Service/Assistant Director believes further payment is necessary due to market conditions, they will conduct another comprehensive review. This review must be carried out no later than three months prior to the anticipated supplement end date.

If the Management Team supports the continued payment of a Market Forces Supplement, a formal report will be submitted to the Head of Paid Service for approval, in consultation with the Assistant Director of Partnerships and the Chair and Vice Chair of the Human Resources & Council Tax Committee.

~~Evidence from the review process will be submitted to Management Team for discussion, prior to the Head of Paid Service, in consultation with the Chairman of Human Resources & Council Tax Committee determining whether the supplement should be applied for an additional 12 months (taking to the maximum three-year period).~~

Withdrawal or variation of Supplement

Should the review identify that there is no longer a need for the payment of a Market Forces Supplement, the Human Resources team will give the employee three months' notice that the supplement will be coming to an end, with no right of appeal.

Where a Market Force Supplement is reduced or withdrawn, the Head of Service/Assistant Director will discuss with the employees concerned how the review was conducted and the key findings and market data to explain the rationale for the decision.

If it is agreed by the Head of Paid Service (*in consultation with the Assistant Director Partnerships and the Chair/Vice Chair of the Human Resources & Council Tax Committee*) that there is a continued organisational need/market justification for a supplement, the employee will be advised to this effect.

6. APPLICATION OF THE SCHEME

This scheme is discretionary and will not become part of the authority's standard employment terms and conditions for employees. Staff will not be permitted to submit their own case for a Market Forces Supplement, and the application of the

Policy is outside of the scope of the Grievance Procedure or any other appeal mechanism.

When Market Forces Supplements are paid, they are time-limited and subject to review.

Market Forces Supplements will be identified separately from basic salaries in all documentation and records, including pay slips.

Market Forces Supplement payments will be subject to the following criteria: -

- Will be subject to pension, tax and national insurance contributions.
- Will be paid pro-rata for part-time employees.
- Will be included in calculations for the purposes of other payments such as maternity/adoption, paternity and sick pay.

Where an employee who is in receipt of a Market Forces Supplement moves to another role within the Council that does not attract such a payment, the supplement will cease from the date they start their new role.

It is envisaged that the cost of Market Forces Supplements will be met from service budgets. However, there may be occasion where costs may need to be financed via several routes, as agreed by the S151 Officer (*rather than just from the relevant service areas budget*), as some service areas would otherwise find themselves severely affected.

7. MONITORING & REVIEW

Data on all Market Forces Supplements will be reported to the Council's Human Resources & Council Tax Committee on an annual basis to ensure regular monitoring of the use of Market Forces Supplements across the Council.

The Human Resources team will keep a register of Market Forces Supplements in payment and will trigger the review at the appropriate time. As above, all Market Forces Supplements will be subject to Head of Service/Assistant Director review every two years on a rolling basis, or earlier, if it is considered that a pay award or market trends close the pay gap significantly. Reviews will require the submission of a further business case, as outlined above.

8. CONCLUSIONS

It is essential that this Discretionary Market Forces Policy be applied with absolute integrity and transparency. Employee confidence in our pay structure would be weakened if decisions were made without sound evidence of a Market Forces issue that could not be resolved in any other way.

Heads of Service/Assistant Directors must take responsibility for ensuring this and that the expectations of staff are not raised unjustifiably. – ~~staff should not be allowed to believe that all they have to do is apply for other jobs to receive the additional payment.~~