

Wiltshire Council Human Resources

Market Supplement Policy and Procedure

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What is it?

A market supplement is a payment in addition to your annual salary and applies where there is clear evidence that the job evaluated pay rate for the role would not be sufficient to recruit and retain staff.

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Who does it apply to?

This policy applies to all Wiltshire Council employees who are subject to the GLPC and HAY job evaluation schemes, unless a separate contractual policy applies to a transferred employee to whom separate TUPE terms and conditions of employment apply. This policy does not apply to teaching and non-teaching staff employed in maintained schools or academies.

When does it apply?

Market supplements will only apply where there is clear evidence that the Council's job evaluated basic pay rate for that occupation or specialism would not be sufficient to recruit and retain the staff required.

When does it not apply?

If there is no clear evidence of difficulties to recruit and retain specific occupations and specialisms, and criteria are not met, a market supplement will not apply to the post.

Market supplement payments do not apply to posts or employees on Soulbury, Centrally Employed Teachers, or Youth and Community terms and conditions of employment.

What are the main points?

Prior to requesting a market supplement payment

1. Before managers can request a market supplement payment for a particular post, they must seek approval from the relevant Director, demonstrating that all of the following options have been considered:
 - A review of the duties and knowledge requirements detailed in the Role Description (RD) has been undertaken to ensure that these are accurate and up to date. Any changes should be evaluated through the appropriate job evaluation scheme.
 - Alternative ways of distributing the duties have been considered.
 - A review of the roles and responsibilities for the whole team has been undertaken to ensure that these are in line with the organisational design principles for efficient structures.
 - The available budget/funds to support any potential increase in salary budget should a market supplement payment be authorised.
 - A review of the wider service area has been undertaken to ensure that any request for a market supplement is aligned with the Business Plan priorities.

Criteria for market supplements

2. Jobs evaluated using the GLPC and HAY job evaluation schemes may be paid a market supplement if they meet all the following criteria:
 - The rate of pay for the job is less than that for comparable jobs in other organisations.
 - The difference in pay has adversely affected recruitment and/or retention.
3. If both of these criteria are not met, a market supplement payment will not be considered.
4. Evidence in support of these criteria will be assessed by HR&OD and a decision made whether to conduct labour market research on comparable jobs to determine whether a market supplement is applicable.

5. Evidence should include (but not limited to):
 - the number of times a job has been advertised without a satisfactory response (a poor response may be a result of factors other than salary)
 - poor response to adverts both in terms of quantity and quality of candidates
 - staff turnover levels within the last 12 months demonstrated to be a result of salary
 - job adverts for comparable roles (as defined below) at higher salaries
 - lack of available skills due to skills shortages in the wider market and/or specialism
 - risk of loss of essential skills and experience which would have a detrimental effect on service delivery
6. For the purpose of market supplement payments, a comparable job is a job that:
 - is within a county council or another unitary authority;
 - is within the same, similar, or neighbouring regional area;
 - is within a similar team and hierarchical structure and;
 - is of a similar job size.
7. Private sector roles will not be used as comparable jobs. These roles will have different working environments and significant differences in the conditions of employment.
8. However, on rare occasions there may be an exception where the Council is in direct competition for the same specialist skills regardless of sector worked within. In this case, job descriptions and further information such as job structures and conditions of employment for these organisations may be sought to determine whether these are comparable jobs.

Labour market research

9. The grade at spinal column point 1 (SCP1) within each grade for the Wiltshire Council graded role description, will be used as a benchmark salary for labour market research. This will include any market supplements already applied to the role where applicable.
10. The role description and structure chart for each role will be used to ensure that the labour market is checked against similar job content and structure.
11. To determine whether a market supplement is applicable, data from regional benchmark groups and independent pay research surveys will be used and an average salary provided of all comparable roles.

12. Where independent research is undertaken, the appropriate GLPC or HAY job evaluation scheme will be used to determine whether the roles are of a comparable size.
13. For GLPC graded roles, the minimum market supplement that will be paid is 5%. Any difference in the Wiltshire Council salary (SCP1) and the labour market research that is less than 5% will not be paid, and a market supplement will not be applicable.
14. For hay graded roles, market supplements are based on the upper quartile or upper decile pay for the evaluated job role.

Process for requesting a market supplement

15. Once approval for consideration of a market supplement has been received from the relevant Director, the manager of the team for which a market supplement is being considered should contact their HR Business Partner to discuss the request and provide initial evidence (as detailed above).
16. HR Pay & Reward will consider this evidence and carry out further research and benchmarking of the labour market as well as the turnover/difficulties to recruit, to determine whether a market supplement is applicable. Recommendations whether there is a case for a market supplement will be provided via the HR Business Partner.
17. Once labour market research has been completed and recommendations made, the relevant head of service in agreement with their director should put forward a proposal in the form of a written report outlining the business case and evidence for a market supplement. This may only be done if the criteria set out above are met and all other options have been considered.
18. The report must include budget information including the approximate additional yearly cost of the market supplement to the staffing budget and the effective date of the payment. In rare cases where a generic RD ref exists across teams, it must also include clarification and the rationale for which teams and/or specialisms the market supplement is requested for.
19. Once complete, the report should be submitted for review to the relevant HR Business Partner.

Authorisation of market supplements

20. The decision to pay a market or retention supplement is subject to clear evidence that the role is paid at a higher salary in comparable organisations and that this has adversely affected recruitment and/or

retention. Payment will only be awarded if all other initiatives and alternatives have been explored.

21. The Assistant Director - HR&OD in conjunction with the Corporate Leadership Team (CLT) will agree whether the market supplement should be paid based upon the evidence provided and research conducted by HR&OD and presented in the form of a final written report.
22. A copy of the final written report and CLT decision will be retained by HR Pay & Reward for future record.
23. A market supplement is not intended to reward individual employee or group performance but is a means of recruiting and retaining the workforce skills required and will only be applied if there is sufficient evidence.

Payment of market supplements

24. Once a market supplement has been approved for a role, it will apply to all existing employees on the same role description and to new employees on appointment. In exceptional circumstances where a market supplement does not apply to all employees on the same generic role description, the rationale for this must be stated in the written report and approved by CLT.
25. The manager in conjunction with HR Pay & Reward will confirm with HR payroll the market supplement amount, effective date, and the role description (and employees) applicable so that payments can commence.
26. For new appointments, the market supplement will be identified on the employment contract on starting employment with Wiltshire Council.
27. If a market supplement is determined during employment at a later date, confirmation will be provided to the employee.
28. For GLPC graded roles, a market supplement will be expressed as a percentage applied to the employee's current point within the pay grade. If the employee moves up an increment within the grade, the same market supplement percentage will be applied at that point. Employees will receive a monthly payment for the market supplement in addition to their normal salary and this will appear as a separate entry on payslips.
29. In the case of hay graded roles, a supplement will only apply to the individual employee (or small group of employees) and will be removed from the role on the individual ceasing employment with the Council.

30. For hay graded staff, a market supplement will be expressed as a new salary range either at the upper quartile or upper decile and this will appear as the normal salary on the payslip.
31. A market supplement will not alter the grade of a role as determined through the GLPC or HAY job evaluation scheme.
32. Market supplement payments are pensionable and subject to national insurance and tax contributions.

Critical skills and staffing shortages

33. In exceptional circumstances, where a specific professional area/field has been determined as being impacted by skills and/or resource shortages and there is strong competition for staff in this area, and as a result paying at the median and/or in line with the market is not sufficient to recruit/retain skills, consideration may be given to paying specific roles at a higher rate.
34. Evidence should be provided to HR&OD in support of the need to pay at a higher rate, who will consider:
 - the severe recruitment difficulties experienced and the impact upon the service/team;
 - the strong competition in the market for candidates
 - the lack of candidates (skills shortage) in the market
35. Labour market research and/or the HAY databank rates will be used to determine the appropriate salary to be paid. The difference in the evaluated grade for the role and the higher rate as determined by the labour market research and/or HAY databank will be calculated by HR&OD, and paid as a market supplement for GLPC graded roles and a different salary range for HAY graded roles.

Review of market supplements

36. Market supplements will be reviewed on a yearly basis (usually each April) unless otherwise stated for business reasons.
37. HR Pay & Reward will carry out the review taking into account factors such as the market rate for comparable jobs, recruitment and retention difficulties, and skills shortages within the area of specialism.
38. Data in support of the market supplement review and recommendations to CLT will be provided to directors and heads of service and they will be provided with the opportunity to provide further evidence and comment.

39. The outcome of the market supplement review will be discussed with final decision agreed by CLT.
40. A market supplement may be withdrawn, reduced or increased depending upon labour market conditions.
41. If, following the review, there is no evidence to support the continued payment of market supplements for a role, the payment will be either withdrawn or reduced.
42. If the payment is withdrawn, the employee's salary will be protected for 12 months from the date of the review. The total of basic pay and market supplement will be frozen for the 12 months' notice period (with no cost of living awards or increments being applied to the supplement amount) after which the supplement will be withdrawn. For new employees to the role this will take immediate effect on appointment.
43. If the payment is reduced, this will take effect from the review date (e.g. 1st April each year).
 - If the reduction in market supplement is 5% or above, the difference will be protected for a period of 12 months from the date of review.
 - If the reduction in market supplement is less than 5%, protection will not apply.
44. If the payment is increased, this will be applied with effect from the review date (e.g. 1st April each year).
45. Employees will be notified of the outcome of a market supplement review.

Re-evaluation of a role in receipt of a market supplement

46. If a role in receipt of a market supplement is reviewed through the job evaluation scheme, the market supplement applicable will also be considered.
47. If the role has a minor change in content or responsibility and there is no change in grade, the market supplement will continue. However, the role will still be subject to the yearly process of review each April.
48. If the role content has changed substantially and/or the grade has changed, the market supplement payment will be reviewed.
 - If the grade has increased, the labour market will be checked to determine whether a market supplement is still applicable. A supplement will only apply if labour market conditions show that this is justified.
 - If the grade has increased, and the market supplement still applies, the supplement may reduce so that the new grade and supplement

are not higher than the original grade and supplement. A market supplement of less than 5% will not be paid.

- If the job content and job size has reduced, and therefore the grade is lower, a review of the labour market will be carried out to determine if a supplement payment is applicable for the revised role.

Redeployment

49. If an employee's current role has a market supplement and they are redeployed into another role without a market supplement, the value of the market supplement payment will be taken into account when assimilating to an SCP within the grade for the new role.
50. If an employee's current salary including market supplement payment is higher than the top of the grade of the redeployment role, they will be placed at the top of the grade and any market supplement payment above this will cease.
51. If on assimilation, the market supplement payment means that they fall between SCPs within the grade, they will be assimilated to the SCP above.
52. If an employee is redeployed into a role with a market supplement and the combined value of the grade and market supplement equates to lower than current salary, they will be assimilated to an SCP taking into account the market supplement so that the base pay and market supplement of the redeployed role is not above current salary.

Employees in receipt of redeployment pay protection

53. If an employee is in receipt of pay protection and their role is awarded a market supplement that exceeds the salary with protection, the protection will cease and the market supplement payment will apply.
54. If an employee is in receipt of pay protection and their role is awarded a market supplement that is lower than their salary with protection, they will receive the market supplement payment and the amount of protection will reduce so that the amount including market supplement and pay protection does not exceed the original protected amount.
55. For example, if an employee currently has £3,000 pay protection and the role is awarded a market supplement payment equating to £2,000, pay protection will reduce to £1,000.

56. If the amount of pay protection is reduced as a result of a market supplement payment, the protection will remain until the end of the original pay protection period.
57. As market supplement protection and pay protection are separate, if the market supplement for a role is subsequently reviewed and withdrawn, the market supplement protection will apply for a period of 12 months from the date of review.

Acting Up / Secondments

58. If a role has a market supplement and an employee is acting up or is seconded to another role, the payment will be taken into account when assimilating to an SCP within the grade for the acting up / secondment role.

Appeals

59. If, following a review of market supplement payments it has been determined that a market supplement for a role is no longer applicable or has been reduced, the employee has the right of appeal.
60. Appeals must be submitted in writing to jobevaluation@wiltshire.gov.uk within 10 working days of receiving notification of the outcome of the market supplement review.
61. Within the appeal, employees must submit evidence demonstrating that labour market conditions indicate a market supplement payment should be made. This may include (but is not limited to): job descriptions or salary details of roles within comparable organisations as defined by the criteria above.
62. Acknowledgement of the appeal will be provided within 5 working days.
63. The appeal will be considered by HR&OD who will review the supporting evidence against the evidence used for the review. A further independent review of benchmark information may be carried out to support this.
64. The Assistant Director – HR&OD, in conjunction with the Corporate Leadership Team (CLT) will determine whether a market supplement should be paid.
65. Notification of the outcome of the appeal will be provided within 5 working days. There is no further right of appeal.

Market Supplements and Equal Pay

66. Equal Pay legislation requires that to ensure equal pay principles are followed, market supplements are only awarded in cases where a 'genuine material difference' can be demonstrated.
67. As a result, if a market supplement is introduced to a particular post and role description, it will not automatically mean that the payment will apply to other posts within the same service area or on the same job family profile.

Frequently asked questions

68. I am in a role which has a market supplement and I have applied for another role within the council. Will my market supplement be taken into account when assimilating to the new grade?

If you are appointed to a higher graded role within the same team, you will be appointed to an SCP in your new grade taking into account your market supplement payment. Any market supplement payment that is above the top of your new grade will be lost.

69. I am in a social work / social work manager role in the Safeguarding team which receives a market supplement. If I move social work teams or roles, will my market supplement be taken into account when assimilating me to the new grade?

No, the market supplement that applies to social work roles in the Safeguarding team will not be taken into account if you move social work roles out of these teams. A market supplement payment is applicable to experienced and senior social workers in the Safeguarding team to recognise the market pay rate and difficulties to recruit and retain skills in this area of children's services. Moving out of these roles does not require such arrangements.

70. I have been told that my market supplement payment will be withdrawn following a review. Will I receive market supplement protection?

Yes. You will receive market supplement pay protection for a period of 1 year.

71. Following a service review, I have been redeployed into a role without a market supplement but my current role has a market supplement. Will the market supplement payment be protected?

No. Redeployment protection is on base pay only.

72. I have pay protection in my current role which has now been awarded a market supplement payment. Will the market supplement apply to the protected amount?

Yes. You will receive a market supplement payment on your protected salary subject to the criteria set above.

73. Is my market supplement taken into account for redundancy payment purposes?

Yes. A redundancy payment is based on actual pay and will therefore take into account a market supplement.

74. Am I able to receive my market supplement payment as a yearly payment?

No. You will receive the market supplement as a monthly payment.

75. Does the market supplement payment apply to additional hours?

Yes, any additional hours will be paid at your pay rate including the market supplement payment.

76. I am on maternity leave, will my market supplement be taken into account when calculating maternity pay?

Yes, the market supplement will be included.

77. Following a request, it has been determined that a market supplement should be applied to my role. What will be the effective date for the market supplement payment?

If a market supplement has been agreed for your role, your manager will (in conjunction with HR&OD) confirm the effective date of the payment. However, any payment will not be backdated more than 8 weeks from the original request to consider a market supplement payment.

78. My post has a market supplement, for what payments is this supplement taken into account?

Your market supplement is taken into account in the following payments:

- maternity pay
- paternity pay
- adoption pay
- sick pay
- contractual overtime

79. I am on a generic role profile (i.e. OS11) and I do not have a market supplement for my post. However, other employees on the same generic role profile but within a different team/function have a market supplement applied to them. Why is this so?

It is the role description and not the generic role profile to which a market supplement is applied. Alongside the generic role profile you will have been provided with a role description which outlines the specific duties required of your post. Other employees on the same generic role profile will have a different role description outlining specific duties required of the post and for this occupation a market supplement may be required.

Definitions

GLPC scheme – Greater London Provincial Council job evaluation scheme

Equal Opportunities

This policy has been Equality Impact Assessed to identify opportunities to promote equality and mitigate any negative or adverse impacts on particular groups.

Further information

There are a number of related policies and procedures that you should be aware of including:

- Job Evaluation Policy and Procedure
- Collective Agreement on Pay and Grading

For further information please speak to your supervisor, manager, service director or contact your [HR case adviser](#).

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