



Copeland Borough Council

# Market Factor Supplement Policy

## 1. Introduction

Copeland Borough Council recognises the need to have a policy to deal with difficult recruitment situations where conditions in the market for particular skills are causing recruitment and retention problems that are impacting on the delivery of the service to customers as a result of staff shortages.

The ease with which suitably skilled and qualified employees can be attracted and retained can be influenced by a variety of factors, such as:

- Quality of recruitment strategy, including advertising campaign
- Use of appropriate recruitment methods, e.g. local Press, Trade Press, web campaign, agencies
- Effective use of appraisal feedback
- Use of relevant exit interview feedback
- Flexible contractual terms i.e. job share, part-time working, home working
- Quality of relocation package

However, where it is believed that the quality of the key elements of the recruitment and retention approach is sound, and there is significant evidence pointing to salary levels which are out of line with the market rate for particular skills as a major contributing cause, a market factor supplement may be the appropriate solution.

## 2. Scope

This policy is designed to regulate the use of market factor supplements, and will apply to all posts below Chief Officer level.

## 3. What is a Market Factor Supplement?

A market factor supplement is a salary supplement for an identified period of time on top of the normal salary for the grade of the job in question, in order to attract and retain suitable applicants/employees for a particular post or posts. It is not designed to reward individual performance.

Payment of such supplements will not breach equal pay legislation and will not deviate from the principles of organisation wide pay and grading structures.

## 4. Criteria for payment of a market factor supplement

Payment of a market factor supplement must be based on demonstrable evidence of a recruitment or retention problem. The anticipation of a problem or the potential resignation of a key individual is insufficient.

## **5. Evidence required to support the recommendation of a market factor supplement payment**

### **Recruitment:**

- Failure of at least two attempts to recruit to a post through external advertising
- Consideration of the introduction of flexible employment policies, if not already available
- Consideration of options to develop the skills required in-house

### **Retention:**

- Failure to keep employees in post for longer than 12 months over a three year period
- Exit interview data indicating uncompetitive salary package offered in comparison to the local or national market

Once all appropriate data can be evidenced, an analysis will begin of the salary package attached to the post to determine if a market factor supplement is to be recommended.

## **6. Market Factor Supplement supporting data**

The precise data source for the salary package survey will vary but may typically include sources such as:

- Neighbouring Cumbrian authorities
- Pay research bodies
- North West Employers network
- HR/profession specific networks
- Local/national adverts

## **7. Principles of the Scheme**

1. The market factor supplement will be expressed in numbers of spinal column points (SCP). The amount of the supplement will not be pre-determined and may vary to reflect market conditions
2. A maximum of 4 SCP can be added to the normal top of scale.
3. Following the creation of a Market Factor Supplement, any resulting differentials, based on grade maxima, between staff in the same discipline, should not be less than 7% of the grade maximum of the more highly graded officer. Where this is not the case a Market Factor Effect Supplement will be given to the more highly graded officer to a value that produces a 7% differential.
4. Supplements will apply to all identical posts across the authority.
5. Employees currently employed in identical posts will be immediately awarded 1 increment but recruiting officers will have flexibility to appoint at an appropriate level.
6. The supplement is not a permanent entitlement, will be superannuable and will be shown separately on the employee's pay slip.
7. It will apply for three years initially, after which it will be reviewed considering prevailing salaries at that time, recruitment and retention issues etc
8. If evidence suggests it is no longer necessary, the Council will apply, as an exit strategy, a 'one year market factor salary supplement protection policy'. Three months notice of any changes to the payment of Market Factor Supplements will be given.

9. With those posts requiring a professional qualification, the final two SCP will be conditional upon the postholders acquiring those qualifications or demonstrating equivalent knowledge and application. Decisions regarding “equivalent knowledge and application” will be made by the Head of Service against appropriate criteria.
10. If an employee voluntarily moves to another role within the Council that does not attract a market factor supplement, the supplement will cease immediately.
11. Where a market factor supplement has been reduced or removed there will be no right of appeal.
12. The costs of any agreed market factor supplement will be the responsibility of the department concerned.
13. Payment of a Market Factor Supplement is subject to the employee remaining in post for two years from the commencement date of the supplement. If an employee leaves within this period full repayment of the supplement will be required.

## **8. Approval process**

1. Issue identified
2. Line Manager/Head of Service/HR Officer collects evidence.
3. Head of Service prepares and presents a report to Personnel Panel with supporting evidence and recommendation.
4. Report submitted to Personnel Panel for approval.

**Approved by Personnel Panel 31 August 2006**