

APPENDIX 3



NORTHAMPTON BOROUGH COUNCIL

MARKET RELATED PAY

August 2010

1. POLICY STATEMENT

- 1.1 At times applicants for some job roles are very scarce due to shortages or variations in demand for certain skills. The consequence of both of these restrictions may result in recruitment and retention issues. There are a number of reward factors to be considered in terms of recruiting and retaining quality staff and clearly pay is one of the key factors.
- 1.2 Paying a market rate (which is different from the evaluated rate) for certain skills does provide a material factor defence against any potential equal pay claim provided that:
- The market position is kept under review annually. A clear review period will be detailed in the employment offer.
 - The market supplements are withdrawn in the event of change in the market place (with notice).
 - The market comparisons are untainted by gender (this is only likely to be relevant where the jobs are predominantly occupied by either gender).
- 1.3 The criteria for payment of market premiums, which must be established before any payments are offered to either recruit or retain, are:
- A high pay market - where credible market benchmarking data advises of high rates of pay.

And

- Recruitment issues - identified by the failure of at least one recruitment campaigns (within the last six months).

And/Or

- Retention issues - following analysis of turnover data agreed by the Head of Service and Head of Human Resources.

2. PROCESS

- 2.1 The recruitment and retention issue needs a thorough analysis to determine the market pay proposal over the short to medium term and the longer term.
- 2.2 Actions to address reward issues other than evaluated pay may involve:
- Bursary or sponsorship schemes
 - Graduate trainees
 - Training up existing employees
 - Career graded posts offering progression to higher evaluated jobs (once appropriate qualifications have been obtained etc)
 - In house training and development, mentors and coaches
 - Training allowances for course fees, guaranteed minimum training days

- Inter city / county shadowing / secondment arrangements
- Partnerships with Colleges and Universities
- Recruitment campaigns / fairs / university milk rounds

2.3 If there is a need to pay some form of pay supplement then the market rates for the job need to be established through reliable data. Reliable data is gained through independent sources wherever possible: -

- Income data services
- National or local surveys of relevant sectors
- Local government surveys
- HAY market data
- Office of national statistics pay surveys
- Recognised trade unions

Professional organisations data can be useful but will sometimes encourage leapfrogging by reflecting the current shortage through pay rates. If survey material is unavailable or not specific enough then job advertisements can be reviewed. The data should cover a reasonable range of organisations or solely public services (e.g. avoiding high pay sectors such as merchant banks in financial services sector) and a reasonable period of time e.g. three months. Jobs should be matched as far as possible particularly in respect of starting level skills, experience and qualifications.

2.4 Proposals giving information on the issues, analysis of solutions, proposals for short, medium and long term solutions should be submitted to the Management Board via the recommendation of the Head of Human Resources who will advise on the submission. The Trade Unions will be kept advised of the proposals for market supplements and their comments will be conveyed to the Management Board.

3. APPROVAL

3.1 The Management Board will approve all new market arrangements before being paid / implemented. The initial period of payment will be two years to ensure the applicant has some financial stability. The payment and payment period/notice will also apply to existing employees holding the same evaluated job. The exceptions shall be where the employee (either existing or newly appointed) is subject to the capability procedures in which instance payment of the supplement will be withheld until a satisfactory performance level is reached; or is on long term sick, which is defined as a certificated period of sickness extending beyond four weeks for the same condition, for which the market supplement will be withheld until the employee has returned to work at full fitness level i.e. after any staggered return to work plan is complete. All market supplements will be reviewed annually and will need to be resubmitted for annual approval.

3.2 The approved market supplement, which is pensionable, will be identified separately and shown in contracts of employment as subject to annual review.

If, on review, the market premium is no longer required the employee(s) concerned will be given notice of the removal of the premium. The period of notice of removal of the supplement will vary and will be determined at the time of the review, but will be a minimum of six months and maximum of one year.

- 3.3 Other long term arrangements, sponsorships or new policy arrangements may also need the separate approval of elected members.
- 3.4 All proposals to withdraw payments will be notified to the recognised trade unions and can be subject to challenge via the authority's grievance procedure for resolution within the notice period.

4. REVIEW

- 4.1 This policy will initially be reviewed twelve months following implementation. The application of market supplements will be reviewed annually as part of the annual equality audit with the Trade Unions.