

# SALISBURY CITY COUNCIL

**Subject** : Market Forces Policy  
**Committee** : Personnel Committee  
**Date** : 16 October 2023  
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## 1. Report Summary:

1.1. The report considers the introduction of a Market Forces Policy.

## 2. Background:

- 2.1. A market force supplement is an additional temporary payment to the basic salary of an individual job or specific groups of jobs where market pressures would otherwise prevent an employer from being able to recruit or retain employees with a particular skill or group of skills.
- 2.2. Employers have in place such policies to allow greater flexibility around salary to aid recruitment and retention.
- 2.3. It may be necessary from time to time to apply a market force supplement to the assessed job evaluation grade of a job. Usually this will be as a result of a skills shortage in the jobs market (local or national) or because the market rate for a particular skill set is higher than that determined by local job evaluation and the pay and grading structure.

## 3. Job Evaluation:

- 3.1. The Council is committed to the principles of equal pay for work of equal value and by using a job evaluation process this ensures a consistently applied and robust approach which measures the relative value of jobs within the council. This in turn determines the grade and position on the council's pay structure.
- 3.2. However, there may be exceptional circumstances explicitly due to labour market conditions where the evaluated grade results in an inability to successfully recruit or retain suitable staff for specific jobs. In these exceptional circumstances, it may be appropriate for consideration to be given to the payment of a market supplement to overcome this problem.

## 4. Policy

- 4.1. HR Manager has drafted a policy, for consideration, this can be found in Appendix B
- 4.2. In addition to general employment law, the Council need to ensure compliance with Local Government terms and conditions (known as the Green Book.) The HR Manager has included, in Appendix A, the statement in the Green Book about market supplements.

## 5. Recommendation:

It is recommended that the committee:

5.1. Agree the adoption and implementation of the Market Forces Policy.

## 6. Wards Affected: All

## 7. Background papers:

7.1. Doc 86221 – Job Evaluation policy

7.2. Appendix A (attached) - Green Book statement on market forces.

7.3. Appendix B (attached) – draft policy

## 8. Implications:

8.1. **Financial:** The financial impact will be calculated for individual post when required.

8.2. **Legal:** The policy will reflect current employment law.

8.3. **Personnel:** As shown in the report

8.4. **Environmental Impact:** Nil in relation to this report.

8.5. **Equalities Impact Statement:** Evidence will be gathered from recruitment and market rates to apply to a role rather than an individual.

## Appendix A – Green Book statement on market forces

### 25. Market Supplements

Pay arrangements should generally be set at a level that will recruit and retain employees, minimising the need to use market pay supplements. However, there may be a small number of jobs for which it is not possible to recruit and/or retain employees at the job-evaluated rate, because of local or national shortages. In these circumstances it may be necessary to consider market supplement schemes. Such schemes should:

- be based on clearly evidenced recruitment and/or retention problems;
- have clear, transparent and fair criteria for the application of market supplements;
- ensure that market salary testing uses appropriate market comparators for the particular post(s);
- apply to existing as well as newly recruited postholders in the same job;
- ensure that the 'job evaluated' grade and any additional market supplement are clearly identified, shown as a separate allowance to the pay/grade determined by job evaluation, and understood by employees in receipt; and
- ensure that the contractual terms of future payments are sufficiently clear to enable the payments to be withdrawn if the 'market' changes.

25.2 Organisations should also undertake regular equalities monitoring with the trade unions of the outcomes of the application of market supplements, for example, gender monitoring for jobs in receipt of the payments.

25.3 Where market supplements are applied, they should be reviewed regularly to ensure that they are consistent with these criteria above. If current payments cannot be justified by reference to these criteria, these should be discontinued

## Appendix B – Draft Policy:

### 1. Policy statement

- 1.1. This policy applies to all staff.
- 1.2. The purpose of this policy is to provide a clear and transparent policy, which demonstrates accountability and value for money.
- 1.3. This policy is non contractual and aimed as guidance.

### 2. Introduction

- 2.1. Salisbury City Council recognises the importance of attracting and retaining highly qualified and skilled employees to meet the demands of the services it provides.
- 2.2. In certain situations the Council may face difficulties in recruiting candidates for specific positions due to external market conditions. To address these challenges, this market forces supplement policy is established to provide guidelines for the application of market forces supplements to salaries.

### 3. Purpose

- 3.1. The purpose of this policy is to:
  - 3.1.1. Ensure the Council remains competitive in the job market
  - 3.1.2. Provide a framework for evaluating the need for market forces supplements
  - 3.1.3. Define the criteria and process for granting market forces supplements
  - 3.1.4. Maintain transparency and fairness in salary adjustments which demonstrates accountability and value for money.

### 4. Eligibility

- 4.1. Pay arrangements should generally be at a level that recruit and retain employees, minimising the need to use market pay supplements.
- 4.2. HRM will carry out pay benchmarking, with other local public sector organisations, when required. The purpose of this is to ascertain if there is a Council wide issue.
- 4.3. However there may be a small number of jobs which it is not possible to recruit and/or retain employees at the job evaluated rate, because of local or national shortages, for example.
- 4.4. This will be evidenced on a case by case basis and will include what has been done to attract candidates at the job evaluated rate alongside evidence that the Council are paying below the market rate for the job, a market supplement may be applied

### 5. Criteria for evaluation

- 5.1. Evidence of recruitment and/or retention problem. This will include evidence of repeated difficulties in recruiting candidates.
- 5.2. Market research – market data indicating that salaries for similar positions in the relevant geographical area or industry are significantly higher than the current salary range offered by the Council.
- 5.3. Essential nature of the role – the role should be significant to the Councils services i.e. may not include teams where there are a number of people doing the same role where activities could be reduced and redistributed amongst existing staff
- 5.4. Budgetary constraints – availability of budget to pay the market forces supplement

### 6. Process for granting market forces supplements

- 6.1. Identification – HR Manager will identify positions that may qualify for a market forces supplement based on the criteria outlined above
- 6.2. Assessment – HR Manager will provide evidence to City Clerk and Senior Management team covering criteria in paragraph 5.
- 6.3. Approval – The request for a market forces supplement will be reviewed and approved by City Clerk. If the City Clerk is not available then will be approved by Personnel Committee.

6.4. Implementation – In line with Green Book (paragraph 25 on Market Supplements) the market forces supplement will

6.4.1. apply to existing as well as newly recruited postholders who are carrying out the same job.

6.4.2. Clearly identify the job evaluated grade and market forces supplement separately.

6.4.3. Ensure that the contractual terms of future payments are sufficiently clear to enable the payments to be withdrawn if the market changes.

**7. Ongoing reviews**

7.1. Where market forces supplements are applied they should be reviewed regularly to ensure that they are consistent with the criteria above. If current payments cannot be justified by reference to these criteria then they should be discontinued.

**8. Communication**

8.1. Employees who are subject to a market forces supplement should be advised that this is only paid while the market forces criteria is met.