

Process for Assessment and Approval of Market Factor Supplements

1. Evidence required.

- 1.1 Where a Chief Officer believes that there may be a case for the payment of a market factor supplement in relation to a particular job, they will submit evidence to the Pay Board for consideration.
- 1.2 The Service Director responsible for the job in question or their delegated Group Manager will produce a report setting out the business case for the Board's consideration, and may be required to attend a meeting of the Board to present the detail.
- 1.3 Evidence provided in the report should show that pay is a key factor in relation to the Authority's ability to recruit/retain employees in the job role concerned.
- 1.4 The evidence submitted will be based on the following criteria and should be shown in a number of these areas in order to give a rounded picture.
 - Information from external salary surveys showing that NCC pay is below the market rate for the job;
 - Press articles about particular national skills shortages in the related occupational area;
 - Information about similar jobs elsewhere that offer greater remuneration packages. These should not be taken simply at face value but should consider:
 - The comparability of the job description and person specification requirements.
 - The geographical location of the job(s) and the relative cost of living
 - How typical the job(s) and package is – a review of other external recently advertised, similar jobs should take place to get a balanced view.
 - Evidence that employees/potential employees within a particular employment group or geographical area are being attracted to alternative jobs within that employment group, area or other organisation and that pay is the main driving factor in this.
 - Evidence of recruitment difficulties. The reasons for such difficulties need to be examined to establish whether or not pay is the key issue. Closer examination should involve:
 - Advertising response rates and the media used.

- Surveys of individuals who have shown an interest (requested job details) but not returned an application to establish their reasons.
- Other supporting evidence may include:
 - Evidence of job offers to individuals
 - Turnover rates within the team/section – there would need to be evidence from exit interviews that pay is the cause of high turnover and not some other factor.

2. Process for approval.

2.1 If Pay Board is not satisfied that sufficient evidence exists to show the need to pay a market factor supplement it may either reject the request, giving reasons to the Chief Officer concerned, or ask that more evidence is provided in order that further consideration may be given before it makes its final recommendation. In the case of partnership posts the Chief Officer of the partners concerned will make the final decision. The grounds for such decisions will be recorded, to help ensure a consistent approach to such cases.

2.2 If the Pay Board is satisfied that sufficient evidence exists (in accordance with the criteria set out above) details of the post and the evidence provided may be forwarded for independent validation. Pay Board may also ask Senior HR Business Partners, or where appropriate external agencies to:

- Advise the Pay Board where, in their experience, this type of job requiring the appropriate skills, experience etc would attract higher pay than the original evaluation supports, and
- Advise the Pay Board of the appropriate pay band to be awarded as a market factor supplement that they would recommend in relation to this job.

2.3 The Pay Board will consider the advice received from the independent agency, plus any other data (e.g. from the Local Government Information Unit) that may be relevant to that particular job, when drawing up its final recommendation.

2.4 Pay Board will make a recommendation on an appropriate indicative level of payment for the Market Factor Supplement, normally prior to the selection process for the post. Where this results in recruitment difficulties Pay Board may be asked to reconsider the recommended level of payment in the light of additional information arising from the recruitment process.

- 2.5 The recognised trade unions will be informed of all decisions to pay Market Factor Supplements.
- 2.6 The payment of any Market Factor Supplement will be time limited for up to a maximum of three years and subject to annual review. The outcome of the review will normally be applied according to the circumstances of the case. (In the case of a fixed term contract, the Market factor Supplement will be set for the duration of the contract, subject to a maximum of three years.) Re-assessment of market factor supplement payments will take place through the collection of evidence and process set out in this document.
- 2.7 Where a base grade changes after appeal, any market factor supplements will be assimilated into the pay adjustment for the substantive grade.