

Market Forces Policy

Revised February 2020

INDEX

Section		Page
1	Policy statement	2
2	Scope	2
3	What is a Market Forces Supplement?	2
4	Principles	2
5	Requesting a new Market Forces Supplement	3
6	Evaluation of the Market Forces Supplement Request	4
7	Outcome	5
8	Payment	5
9	Review of Market Forces Supplement	5
10	Roles and responsibilities of Managers	6
	Roles and responsibilities of HR	7
	Roles and responsibilities of Head of Human Resources	7
	Roles and responsibilities of Trade Unions	7
11	Monitoring and review	7
12	Links to other policies and procedures	7
13	Equality	8

1. Policy statement

- 1.1 The aim of this policy is to regularise the position regarding the application of market forces supplements (MFS).
- 1.2 As stipulated in the Collective Agreement, the Council will only use MFS in exceptional circumstances where it is the appropriate means of ensuring City of Wolverhampton Council posts can be filled by appropriately qualified and experienced candidates.
- 1.3 City of Wolverhampton Council is committed to equal pay and will seek to ensure that MFS will only be applied where there is a strong objective justification which does not undermine the pay equalities established through the single status implementation.

2. Scope

- 2.1 This policy applies to all Council employees with the exception of those working in schools and those employed centrally on teachers' terms and conditions of service.
- 2.2 This policy does not apply to employees who are seconded out of the Council or for employees seconded into the Council from external organisations.

3. What is a Market Forces Supplement?

- 3.1 MFS are discretionary payments, constituting a temporary addition to basic salary. They apply where a skill, specialism or qualification attracts a higher rate of pay in the labour market than is attributed to the role through the Council's job allocation scheme.
- 3.2 MFS are an additional tool for the recruitment and retention of roles where the Council's pay is below the market rate and/or where employee shortages in key posts impact the provision of council services.
- 3.3 MFS can be utilised to attract specialist skills and expertise that are not available regionally. However, this should not be as a substitute for developing skills locally.

4. Principles

- 4.1 MFS are not designed to reward individual performance.
- 4.2 The payment of an MFS is a last resort and will only be considered when other options to manage the recruitment and/or retention difficulties have been exhausted.

4.3 The application of an MFS should be based on one of the following:

- Significant information showing there to be serious recruitment difficulties resulting in actual or foreseeable operational organisational and/or statutory implications. This can be evidenced by low response levels to external advertisements in terms of quality and/or quantity of candidates and adverts for the same role from relevant external organisations, offering more competitive salaries.
- Significant information showing there to be serious employee retention difficulties resulting in actual or foreseeable operational and/or organisational problems, where pay is stated as the primary reason for leaving. This will be apparent from employee turnover levels for that section and recorded feedback.
- Sufficient information showing there to be a significant risk of losing critical and/or scarce skills, qualifications and experience to external organisations. This can be evidenced by relevant benchmarking, including adverts for the same role from relevant external organisations offering more competitive rates of pay.

4.4 Decisions will be based on fact and not anecdotal evidence.

4.5 An MFS applies to the post and not the post holder. Everyone doing the same specific job role for which an MFS has been agreed should be treated in the same way, whether new starters or existing employees.

4.6 If a unique post, which has a supplement attached becomes vacant, the supplement must be reviewed before permission to fill the post is sought.

4.7 Where a vacancy arises for a post, which has a supplement attached and which is occupied by more than one employee, the established supplement, including expiry date, will be applied to any new incumbent.

4.8 All MFS applications will be limited to a three-year span and will end automatically at that time unless a new request has been submitted by the relevant manager prior to its expiry.

4.9 Consideration should be given to the wider issue of development and training needs in order to locally address national skills shortages.

4.10 Consideration should be given to re-evaluated the role grade recognising that overtime responsibilities and duties can change to such an extent to impact the job allocation outcome.

Process and Procedure

5. Requesting a new MFS

- 5.1 MFS should not be the first solution considered to meet a recruitment and/or retention problem and options should be discussed with HR to determine whether there is an alternative way of addressing the difficulties experienced by the service.
- 5.2 Any post being proposed for an MFS should, in most cases, have been advertised at least twice and clear evidence recorded which demonstrates the operational and organisational problems caused by the recruitment and/or retention difficulties. In exceptional circumstances, an application may be made prior to advertising.
- 5.3 Where it is established that other options have been exhausted, the manager will be required to investigate the comparative labour market and, with the support of HR, provide evidence to support the application for an MFS.
- 5.4 Comparisons, where possible, should be made with other public-sector organisations and reflect the geographical situation of Wolverhampton. For roles on Senior Management terms and conditions The West Midlands Employers will be requested to undertake an assessment and recommendation for a proposed supplement.
- 5.5 On occasion it may be necessary to make comparisons with appropriate private sector or public sector organisations outside of the West Midlands region, in order to attract and retain employees with specific experience and skills. In these circumstances, the Council will ensure that the requirement for such a comparison is objectively justified.
- 5.6 The request should be supported by information from at least three valid comparator jobs in three relevant and similar organisations, attaching the job descriptions, person specifications and duties for those jobs; detailing the following:
- Similarity of the responsibilities and scope of the jobs
 - Organisational structure, including management responsibilities, reporting structures, budgetary or other major responsibilities
 - Salary details including any other benefits applicable
- 5.7 In most cases, an MFS will only be paid where the midpoint of the comparator salary ranges is 10% above the level currently paid within the Council.
- 5.8 Each application will be dealt with on a case-by-case basis and the Market Forces Supplement Request Form will need to be completed (Appendix 1).

5.9 Requests should include an equality analysis of the proposal.

6 Evaluation of the MFS request

6.1 Human Resources will validate the application information.

6.2 All applications will be considered by the Pay Strategy Board and subject to their agreement, be passed to HR for implementation.

6.3 If the application is approved, a decision will be made as to the amount to be awarded.

6.4 The payment will be set at a level that will alleviate the recruitment and retention difficulties, but which is not excessive and can be justified in terms of rates paid to the comparator jobs in the market place.

6.5 If an MFS is agreed, it will be applied with immediate effect.

7. Outcome

7.1 The requesting manager will be notified of the decision.

7.2 Employees will receive written confirmation detailing the basis for paying an MFS, the amount of the payment, the effective date, agreed duration and the arrangements for its review.

7.3 Employees will be required to agree and sign a contractual variation for the terms of the MFS, which will advise that the payment is subject to review, and the payment can be adjusted or removed if there is no longer justification to continue the MFS (see Appendix 2).

7.4 The MFS will not alter the grading of the post determined by the job allocation process.

8. Payment

8.1 The payment will be awarded for a period not exceeding three years and will apply to all existing employees in the same post and will be effective from the date of panel approval.

8.2 For employees working less than full time, the MFS will be pro-rata on the basis of hours worked.

8.3 The MFS will form part of an employee's pay, making it pensionable.

- 8.4 The cost of applying an MFS will be met from the relevant service budget.
- 8.5 The payment will be paid on a monthly basis via the normal salary arrangements and will be subject to the appropriate statutory deductions.
- 8.6 The MFS will be clearly identified as a separate payment and will not be incorporated into basic pay.
- 8.7 The MFS will be included in calculations for sick pay, maternity/paternity/adoption pay, holiday pay and redundancy pay.
- 8.8 The MFS payment will be subject to Mandatory Unpaid Leave deductions for eligible employees.
- 8.9 The MFS payment will not be subject to pay award increases.
- 8.10 If an employee is promoted or appointed to another post, the MFS payment will cease from the effective date of the new appointment.

9. Review of Market Forces Supplements

- 9.1 Prior to the end of the three-year period, the MFS must be reviewed by the line manager to ensure that the supplement remains justified. Such a review should take the form of a re-submission of new and revised evidence indicated in section 5 and should be approved through the mechanism in section 6. Where the market changes to the extent that the supplement can no longer be justified, it must be removed. Equally, if market evidence and recruitment/retention rates indicate the MFS should be increased or decreased, this should be stipulated in the request.
- 9.2 The outcome of the review will be one of the following:
- The MFS continues to be justified at its current level and is approved for up to a maximum of a further three-year period
 - The MFS continues to be justified at a higher level and is approved for a further three-year period
 - The MFS continues to be justified but at a lower level and is approved for a further three-year period
 - The MFS is no longer justified and will cease at the end of the three-year period
- 9.3 The manager will be advised of the decision and the employees will be notified in writing.
- 9.4 In the event of the review not taking place within the specified period, payment will be stopped.
- 9.5 In the case of vacant posts the decision to remove the MFS will be effective should the position remain vacant for a six month period.

- 9.6 Should the market change significantly prior to the expiry of the three-year period and a review has determined that the level of supplement, and/or the organisational requirement to apply a MFS has changed employees will be given 12 weeks' written notice of the increase/decrease/cessation.

10. Roles and responsibilities

Roles and responsibilities of senior managers

- 10.1 Senior managers are responsible for reviewing and endorsing any applications for MFS within their service area, prior to their submission to HR.

Roles and responsibilities of managers

- 10.2 Managers are responsible for proactively reviewing functions/roles to establish any current or potential recruitment and/or retention issues so that difficulties are anticipated and addressed prior to them having a detrimental impact on service delivery.
- 10.3 Managers have a responsibility to ensure that this policy is applied appropriately within their own area.
- 10.4 Managers should ensure any employees in receipt of MFS payments understand that they are temporary and will be reviewed and possibly removed.
- 10.5 Managers are responsible for the timely review and submission of documents to the Pay Strategy Board for existing MFS payments.

Roles and responsibilities of HR

- 10.6 HR will provide operational support to the organisation to enable the effective application of MFS under this policy.
- 10.7 HR has a responsibility to:
- Provide support and guidance to managers and employees throughout the stages of this policy
 - Ensure the communication, maintenance, regular review and updating of this policy
 - Monitor and review delivery and impact of this policy.

Roles and responsibilities of the Head of Human Resources

- 10.8 In consultation with the recognised Trade Unions, the Head of Human Resources will exercise delegated authority for and be responsible for the on-going review and updating of this policy to ensure compliance with

changes in statutory requirements and operational delivery, including responsibility for identifying the appropriate process for the regular evaluation of the effectiveness of this policy. Any fundamental changes to this policy will be brought before Cabinet (Resources) Panel for approval.

Roles of Trade Unions

10.9 Any review and revisions of this policy will be undertaken by HR and will be in consultation with the Council's recognised trade unions.

11. Monitoring

11.1 HR will maintain a record of all MFSs approved by the Pay Strategy Board.

11.2 Service areas are encouraged to proactively review functions or roles with known recruitment and retention issues so that, where possible, issues are anticipated and addressed.

11.3 This should be done as a joint task between management and trade unions.

12. Links to other policies and procedures

- Recruitment and Selection Policy
- Pay Policy

13. Equality

13.1 An equality analysis will be carried out on all MFS applications.

13.2 The Council has a duty to monitor the application of the policy in relation to protected characteristics under the Equality Act 2010. This is reported annually in the Council's Equality Monitoring Report.

13.3 If any aspect of this procedure causes you difficulty on account of any disability that you may have, or if you need assistance because English is not your first language, you should raise this issue with HR, who will make appropriate arrangements.