Market Premium Policy



**South Oxfordshire and Vale of White Horse District Councils**

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# Change Record­­

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# Introduction

## Purpose

Our **Market Premium Policy** outlines the councils’ approach to the payment of market premiums as a way of ensuring the councils have the ability to attract, motivate and retain appropriate staff.

## Scope

This policy applies to all permanent and temporary employees of the councils, excluding contractors/agency workers, who are the employees of third parties.

The councils reserve the right to revise, withdraw or replace policies at any time and to introduce new policies from time to time to reflect the changing needs of the organisations.

This policy document supersedes any previously existing or alternative policies, agreements or arrangements relating to market premiums at the councils.

## Contractual status

This policy does not form part of your contract of employment. The councils are entitled to introduce minor and non-fundamental changes to this policy by notifying you of these changes in writing. The council will consult all employees on any major changes to the policy.

## Relevant legislation

Employment Rights Act 1996

Data Protection Act 2018

Working Time Regulations 1998 (SI 1998/1833)

General Data Protection Regulation (2016/679 EU)

## Alternative formats

Please do not hesitate to contact a member of the Strategic HR Team if you would like this policy in an alternative format. Email: hradminandpayroll@southandvale.gov.uk.

# Policy

## Criteria for Using Market Premiums

This policy will help to ensure that the Councils have the flexibility to award incentives to recruit and retain staff in areas where this is difficult to achieve. Staff within the Councils must be appointed to posts which have been graded under the current job evaluation scheme (including SPOT salaries). Salary will be determined by this scheme, and in accordance with the principles of equal pay, to ensure that staff are given equal pay for work of equal value.

However, in some circumstances, external labour market conditions can produce a situation in which staff with scarce skills and expertise can command higher salaries than the current grade for the job. In these exceptional circumstances, the Councils will, at its discretion, make additional payments in line with this policy to recruit and retain such staff, without distorting the pay structure.

## Recruitment and Retention

For **recruitment** purposes, payments made under this policy will only apply to posts which have been advertised at least twice without successful appointment unless agreed otherwise by the Head of Paid Service.

For **retention** purposes, payments made under this policy will only be made in exceptional circumstances where the line manager can demonstrate that difficulties retaining key officers will cause skills shortages preventing effective business operations.

# Procedure

## Evidence

Where a service manager identifies a recruitment or retention problem as defined in section 2.2 and believes the general market rate for a job is higher than the evaluated grade for a job, this should be raised with the Strategic HR Team, who will gather evidence to assess if there is justification for a market premium request to be forwarded for approval.

This assessment will take into consideration published pay data from appropriate sources according to the type of job involved, including advertised vacancies and salary surveys. Alternatively, feedback may be sought from other local government employers, especially those in close geographical proximity, to gather information on current pay levels. Special attention will be paid to ensure that the jobs used in cross-referencing of pay are as similar as possible. The Strategic HR Team will also consider if there are any alternatives to consider i.e. splitting work into different roles, using consultants, contractors or agency staff, paying an honorarium (please refer to the Honorarium Policy) or reviewing the job evaluation in light of the evidence gathered.

The Strategic HR Team will continue to liaise with the service manager to ensure they have gathered the appropriate evidence before seeking formal approval. An average pay level will be identified for the job or type of job concerned and compared to the evaluated job grade (e.g. if the average pay level is £36,000 and the top of the pay scale for the equivalent grade is £30,000, then this would be grounds for seeking approval for a market premium to be awarded).

## Authorisation

Should there be sufficient evidence to proceed, The Strategic HR Team will send a summary of the evidence to the Head of Paid Service.

The Head of Paid Service, in consultation with the Head of Corporate Services, will review the evidence and respond to either approve or reject the request. The service manager will have the opportunity to request a review of the decision and must provide additional information in order to support this.

The Strategic HR Team will confirm the outcome to the line manager and / or incumbent in writing.

## Review

Market premiums will be reviewed as part of the pay review period each April and sent by The Strategic HR Team to the Head of Paid Service for approval to continue, along with appropriate evidence (including checks on equal pay). It is within the Head of Paid Service’s discretion, based on the evidence provided, to either increase, maintain, discontinue or reduce previously agreed market premiums.

The council may review market premiums at any time should evidence indicate that the external market levels for a specific role have changed.

Employees will be notified in writing of any changes to a market premium and provided with 1 month’s notice of any change to their remuneration.

## General Information

Any market premium will apply to all the postholders sharing a job description and The Strategic HR Team will review if implementing a market premium affects any similar positions across the councils using the same principles as the moderation stage within the job evaluation process.

If an individual in receipt of a market premium leaves the councils and does not share the role or job description with another, the role will be recruited at the evaluated grade unless, as stated in section 2.2, the councils fail to source suitable candidate twice through the usual recruitment processes.

A market premium is considered as pensionable pay and is subject to normal deductions for tax and national insurance purposes.