

HR Committee – 11 September 2025

Review of Market Supplement Payments

Purpose	For Review
Classification	Public
Executive Summary	<p>The revised policy introduces several changes to the existing policy.</p> <p>It expands the eligibility to all posts, and allows for the Market Supplement to be paid on top of performance points within a grade.</p> <p>The annual review of all payments will remain the same, with the possibility of an interim review if necessary.</p> <p>It allows for the Market Supplement percentage to be applied on top of any national pay award and any backdated payment to be made.</p>
Recommendation(s)	That HR Committee support the revised Market Supplement Policy and recommend it's approval by Council.
Reasons for recommendation(s)	<p>To ensure a fair and consistent approach to Market Supplements across all posts within the authority.</p> <p>To ensure that the council is best placed to be able to retain critical staff particularly in light of Local Government Reorganisation.</p>
Ward(s)	All
Portfolio Holder(s)	Cllr Jill Cleary (Leader) / Cllr Jeremy Heron (Finance & Corporate)
Strategic Director(s)	Alan Bethune, Corporate Resources, Transformation and S151.
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Introduction and background

1. The council's existing market supplement policy covers all posts between bands 1-12 inclusive. A Market Supplement is the means by which additional pay can be reflected on a post for a designated length of time.
2. It has proved valuable in both the recruitment of high calibre individuals into certain key roles and in retaining a particular skills set in specific areas across the Council.
3. The current policy approach in terms of the relationship with annual pay award has also avoided any staff member receiving a significant reduction in pay upon withdrawal of the Market Supplement.
4. With the upcoming challenges that the council will face in relation to Local Government Reorganisation (LGR) it is paramount that we have in place a mechanism that will enable us to retain our best people at all levels within the authority.
5. The current policy allows for the Market Supplement to be paid at 2.5%, 5%, 7.5% or 10% above the highest point in the normal salary band. It does not allow for the MS payment to be paid on top of any performance points within the band. Although the current policy also attempts to support retention, it doesn't allow for a specific and tailored retention arrangement to be put in place, and doesn't allow for an application of an arrangement above band 12.
6. It is proposed in the revised policy that any Market Supplement payment could be paid on top of the performance point. It is also proposed that specific retention arrangements could be put in place to support the retention of a small number of business critical roles, especially vital as the LGR process approaches vesting day, including those above band 12.
7. It is proposed that where posts are in receipt of the Market Supplement from April 1st, that any nationally agreed pay award later that year would mean the base scp being recalculated. The Market Supplement percentage would then be applied to the revised scp. Any back pay due would be calculated and paid to individuals.
8. The annual review process would remain in place ensuring that all payments are subject to a fair and consistent review.
9. Provision will be made for an interim review to be conducted either based on the finalising of pay award, if market conditions change

substantially during the year, or if significant changes are made to the councils pay structure.

Corporate plan priorities

10. The proposed changes would support the council's ambition to be an Employer of Choice.

Options appraisal

11. The option to amend the current relationship with pay award has been considered. It is the belief of the Section 151 Officer and HR Service Manager that it is timely for this to change.
12. There are significant risks for the council if we are unable to retain key staff as we head towards Local Government Reorganisation. The challenge of retaining staff in uncertain times will become more apparent as key people will be in demand and opportunities will exist in new authorities.

Consultation undertaken

13. The report was shared at Leadership Team on 5th August and then considered by EMT on 12 August.
14. The report was also considered by Employee Side Liaison Panel on 21 August. No further comments were received.

Financial and resource implications

15. It is not foreseen that the changes would result in any significant additional financial cost as any application of the policy needs to confirm the relevant funding is in place to fund the financial implication in each instance.

Legal implications

16. Where a market supplement is applied to a role all staff within the role should be treated equally, to avoid any equal pay concerns.

Risk assessment

17. There are no key risks associated with the recommendations. The risks are in doing nothing and losing critical staff.

Environmental / Climate and nature implications

18. None.

Equalities implications

19. The policy would apply equally to all staff, and equality would be a core consideration in any application of the Market Supplement Policy (as it is now).

Crime and disorder implications

20. None

Data protection / Information governance / ICT implications

21. None.

Appendices:

Appendix 1 – Market Supplement Policy

Background Papers:

None