Market Pay Policy

November 2025

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Document summary

This policy outlines Hastings Borough Council's approach to awarding market supplements — temporary, evidence-based additional payments made to specific posts where recruitment or retention difficulties arise due to market pay disparities — ensuring compliance with equal pay principles and fairness across the organisation.

Enquiries

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Scope and Purpose

This policy applies to all posts at Hastings Borough Council (HBC). HBC is committed to the principles of equal pay for work of equal value and has introduced a single job evaluation scheme Local Government Job Evaluation to measure the relative value of all jobs. The grading, and therefore the salary range, of all posts is determined by the outcome of job evaluation.

However there are occasions when the grading determined for a post results in an inability to successfully recruit to or retain staff in particular posts. In such cases it may be appropriate to pay a market supplement in addition to the salary to ensure that such a post is filled. Such a supplement is lawful under the Equal Pay Act (1970) where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly.

This policy will set out when such supplements may be paid, the process by which these cases are considered and approved and the conditions applied to them.

When are market supplements appropriate?

The payment of a market supplement may be appropriate where there is evidence to prove that a post cannot or will not be filled at the salary level determined by job evaluation, or that there is a material risk of becoming vacant due to a below market rate of pay.

This evidence must be objective and verifiable and would include either;

- evidence of two unsuccessful recruitment attempts in the preceding six months or
- evidence of skilled staff leaving HBC, or being approached, for similar jobs with a higher level of pay elsewhere. Such cases must be underpinned by exit interview details or other evidence
- tangible market information on the salary being paid for similar posts in other organisations. This is likely to include advertisements and job descriptions from at least two similar posts, excluding London weighting.

Where such circumstances exist Heads of Departments must submit a written case to the Human Resources Team. The case must confirm that the necessary funds are available. The Head of People and Business Support will consider the case with the Chief Executive, and confirm where there is sufficient evidence to both justify a market supplement and to withstand any challenges under Equal Pay legislation. Consideration of requests to pay market supplements will be given on a case by case basis.

The HR and Payroll Team will confirm the value of any market supplement and the conditions that apply to it.

Conditions attached to Market Supplements

Market supplements will be paid on a time limited basis for up to a maximum of one year. A further review of market conditions will then take place to determine whether the continuation of a market supplement is justifiable or necessary. Where there ceases to be an organisational need or market justification for a supplement payment will be terminated and six months notice will be given.

Further particulars of such posts must identify market supplements as a distinct and separate element of pay and must state the duration of the supplement.

A market supplement will be for a fixed amount and will not be subject to annual cost of living increases. The supplement will be superannuable. Market supplements will also be subject to statutory deductions e.g. tax and national insurance.

Market supplements are paid in relation to specific posts. Therefore, where it is agreed that the payment of a market supplement is appropriate, all staff carrying out the duties of the post must receive the same supplement on the same conditions.

Monitoring

The payment of market supplements will be monitored by sex, ethnicity disability and age to ensure there is no unfair allocation of supplements on these grounds.

Policy Review

This policy will be reviewed periodically to ensure its ongoing relevance and effectiveness.

Any concerns or queries regarding this policy should be discussed with a Senior HR Representative.