

Central
Bedfordshire
Council
Priory House
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**TO ALL MEMBERS OF THE
GENERAL PURPOSES COMMITTEE**

19 August 2010

Dear Councillor

GENERAL PURPOSES COMMITTEE – TUESDAY, 24 AUGUST 2010

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the report on the Market Rate Supplement Policy which was marked to follow:-

7. Market Rate Supplement Policy

To consider and approve the adoption of a Market Rate Supplement Policy.

Should you have any queries regarding the above please contact me.

Yours sincerely

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Democratic Services Officer

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Meeting: General Purposes Committee
Date: 24 August 2010
Subject: To receive and adopt the Market Rate Supplement Policy and Guidelines with immediate effect.
Report of: Acting Assistant Director – People
Summary: The report is to seek Member agreement that the Market Rate Supplement Policy and Guidelines is adopted.

Contact Officer: Rachel Hobbs, Head of Resourcing and Development
Public/Exempt: Public
Wards Affected: n/a
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

The application of the market rate supplement policy will enhance the ability of the Council to recruit to and retain skills within specialist positions, in order that critical front line and statutory services are delivered.

Financial:

None specifically arising from this report, but there will be costs attached where market rate supplements are applied. These costs will be met from within service budgets.

Legal:

The policy complies with employment legislation.

Risk Management:

None resulting from this report.

Staffing (including Trades Unions):

Trade unions have been consulted.

Equalities/Human Rights:

The policy takes account of equalities legislation and human rights.

Community Safety:

n/a

Sustainability:

n/a

RECOMMENDATION(S):

- 1. That the Committee adopts the Market Rate Supplement Policy and Guidelines with immediate effect.**

BACKGROUND

1. Market rate supplements (MRS) have historically been applied to various job categories in each of the legacy authorities in order to respond to difficulties experienced in recruiting and retaining certain staff groups.
2. The purpose of applying an MRS is to attempt to bridge the gap between an organisation's salary levels and the 'current' market rate pay. Payments are a valid response to difficult market conditions and can act as effective tools in relation to recruitment and retention to individual and groups of posts.
3. Any application of an MRS payment needs to be fair and transparent and should only be used when absolutely necessary and when there is clear evidence to support the application. The policy ensures that there is a focus on the 'hard to recruit' picture, due to skills and experience of the post or for example where there is a national shortage. It is important that the focus is on specific roles and not on individual employees.
4. Despite the recent economic and labour market changes there is still a requirement to have in place an MRS policy to be used:
 - for certain professional occupational groups and specialist skills which continue to be in short supply.
 - where there is need to retain high quality calibre of staff to ensure capacity to deliver quality services.

POLICY HIGHLIGHTS

5. To enable CBC to apply a fair and transparent approach to MRS it is recommended that a consistent policy is adopted, including an authorisation process for the sign off of all MRS requests. This will enable CBC to recruit to vacant posts, in the context of current employment market, and reduce turnover in areas where we need to retain key skills.
6. **Appendix A** provides the proposed policy and guidelines for the application of MRS. Key features of the policy include:
 - Procedure and authorisation process
 - Proposed length of each MRS payment
 - Review period and termination of a MRS
 - Impact on other job categories – horizontal and vertical (knock-on)
 - Advertising posts which attract an MRS payment

Appendices:

Appendix A – Market Rate Supplement Policy and Guidelines

Location of papers: Technology House, Bedford.

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Appendix A

MARKET RATE SUPPLEMENT POLICY AND GUIDELINES

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1.0 Introduction

- 1.1 Market Rate Supplements (MRS) are applied in response to problems experienced in recruiting and retaining certain roles, and attempt to bridge the gap between salary levels and market rate pay.
- 1.2 MRS payments, if used, become a contractual condition. The MRS is paid for a fixed term and is reviewable.
- 1.3 In order to establish whether a MRS is required, an independent survey must be undertaken. This will determine whether a MRS is needed and if so, the level of the MRS.
- 1.4 The application of any MRS must be supported by a clear business case and authorised by CMT.

2.0 Procedure

- 2.1 In order for a post (or group of posts) to be considered for a MRS, there must be clear evidence that the salary offered has or is likely to result in the failure to attract and retain the appropriate calibre of candidates.
- 2.2 If a manager feels that a MRS is needed, they should liaise with Human Resources. Where evidence of the failure to recruit as set out above is demonstrable, Human Resources will then request that an independent survey is undertaken to determine the level of MRS required allowing the Council to recruit a suitable calibre of candidate.
- 2.3 To do this, Human Resources will either draw on the most recent market survey carried out, or ask the Hay Group, the East of England Regional Assembly, relevant professional institute's salary surveys or CBC's advertising partner to carry out a survey to determine comparative market rates for the particular post. Outcomes will include examples of similar recruitment campaign statistics. Any significant costs associated with this exercise will need to be met from within the employing Section or Directorate's budget
- 2.4 If it is evidenced that the salary level is too low and that a MRS is necessary, Human Resources and the Recruiting Manager will develop a short CMT business case to set out the requirements, evidence, budget provision and potential knock on implications and seek their agreement to the payment of a MRS.
- 2.5 The amount of MRS is calculated on the difference between the actual salary grade maxima and the comparative market rate. The MRS will be funded from the employing service area against the budget for the post.

3.0 Fixed Term

- 3.1 Each Market Rate Supplement is for a maximum fixed term of 3 years and is subject to a review 6 months before the end of the agreed period.
- 3.2 If after the review the market conditions have improved, the MRS should be adjusted accordingly. This could mean the MRS being reduced or in circumstances where the base salary is once again in line with the market rate, the MRS being withdrawn.
- 3.3 Once the review has been conducted, the employee or employees will be written to confirm the outcome of the review. Where the MRS is to be reduced or withdrawn

the letter should include the reasons for the change to the MRS and the date this will take effect.

3.4 Where an MRS is reduced or withdrawn the employee should be provided with a period of 3 months' notice from the review date before the new salary takes effect.

3.5 At the end of the agreed MRS period if an MRS is still in place and a Service area wishes to retain this, the salary and the non-pay benefits of the post must be market-tested and the approval process gone through again.

4.0 **'Knock-on Posts'**

4.1 Where a post is to receive a MRS, other post holders may be affected by 'knock-on'.

4.2 'Knock-on' horizontally, (i.e. across the Service), may be payable when the qualifications and experience of an employee carrying out similar duties, are the same. This does not automatically cross Service boundaries, but will be at the discretion of other affected Director(s) regarding any 'like' payment. In these circumstances advice should be sought from Human Resources.

4.3 'Knock-on' vertically is where payment is also made to more senior employees directly supervising those employees in receipt of MRS. The amount paid in order to maintain differentials in grades would be at the discretion of the Director.

4.4 Payments made to 'knock-on' posts will only cease or reduce as a result of the review of the post as in *section 3*.

5.0 **Key Posts**

There are a number of groups of posts which attract MRS payments e.g. Social Workers. These MRS payments have been pre-determined based on wider supply and demand analysis, including an assessment of the national position, and are not just applied for at the point of specific recruitment difficulties.

6.0 **Advertisements**

Advertisements for posts carrying MRS should offer salaries up to the scale maximum plus the maximum MRS. The actual starting salary will be agreed by the Recruiting Manager and the successful candidate in the usual way.

7.0 **Re-Grading**

In the event of the regrading of a post in receipt of MRS, the level of supplement will reduce by the increase payable on promotion to the new grade. This will continue to reduce when each increment in the grade is awarded, until either the MRS is completely eroded, or the post holder reaches the top of the new grade, when a residual part of the MRS may remain. The MRS in a regraded post is still subject to an annual review.

8.0 **Promotion/Transfer**

It should be noted that the MRS is attached to a post and *not* the post holder. When a post holder moves from the post with a MRS to one without, the MRS does not transfer to the new post and does not remain with the transferring post holder.

9.0 Grade Progression

The amount of the MRS is not eroded by scale point progression within a grade, unless the post is regraded, (*see section 7 above*).

10.0 Annual Pay Awards

The MRS is not subject to annual pay awards.

11.0 Pension Contributions

The MRS is pensionable and therefore pension contributions will be payable on the amount of the MRS.

12.0 Termination

The MRS will be removed during the notice period of the post holder, (with the exception of retirement or redundancy), unless the post holder has been in receipt of the supplement for a period of 5 years or more, and unless otherwise agreed by the Director.

13.0 Appeals

There is no right of appeal.