

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO ALL MEMBERS OF THE
GENERAL PURPOSES COMMITTEE**

28 June 2016

Dear Councillor

GENERAL PURPOSES COMMITTEE – THURSDAY, 30 JUNE 2016

REVISED REPORT – AGENDA ITEM 7

Further to the agenda and papers for the above meeting, previously circulated, please find attached the following revised report for Agenda Item 7. This replaces the report issued as a supplement on 24 June 2016.

7. Market Rate Supplements - Annual Updates

To consider an update on the current application of market rate supplements to posts across Central Bedfordshire Council.

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

Yours sincerely

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Central Bedfordshire Council

GENERAL PURPOSES COMMITTEE

30 June 2016

MARKET RATE SUPPLEMENT PAYMENTS – ANNUAL UPDATE

Report of Deb Broadbent Clarke, Director of Improvement and Corporate Services

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Advising Officer: Catherine Jones, Assistant Director – People

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Purpose of this report

To receive an update about the current application of market rate supplements to posts across Central Bedfordshire Council.

RECOMMENDATION

The Committee is asked to:

1. Receive an annual update about the current application of market rate supplements to posts across Central Bedfordshire Council

Background

1. Since 2013 the Committee has requested an Annual update regarding the application of market rate supplements (MRS) to posts across the Council to inform and help the Committee's understanding of the use and value of the market rate supplement policy.
2. This report provides information covering:
 - The number of MRS payments against salary bands
 - The number of MRS payments by MRS band
 - The percentage cost of MRS payments against the total salary bill by directorate
 - Staff turnover in the service areas in receipt of MRS.
3. The application of an MRS is an attempt to bridge the gap between the Council's salary levels and the current 'market' rate of pay for professionals who are key to the delivery of Council services.

4. The basic annual salary applied to any individual post is determined by the job evaluated grade in accordance with the application of the appropriate job evaluation scheme. The Council has two separate job evaluation schemes, the NJC scheme (National Joint Council for local government employees) and the Hay job evaluation scheme for posts above approximately £29k (CBG 10).
5. The application of job evaluation ensures that all staff undertaking work of equal value receive the same level of pay and therefore we avoid generating inequality issues regarding pay and work of equal value and minimise the risk of equal pay claims.
6. However when applying the job evaluated grade to the Council's salary scales the salary for certain posts does not equate to a current market rate.
7. Despite the high levels of investment both nationally and locally to increase the number of employees with the skills required for the economy, there is still a high demand for experienced, skilled professionals in certain service areas across the Council and consequently MRS payments continue to be needed and in some instances the value of the MRS has had to be increased.
8. The Committee will be aware of the continuing challenge to recruit and retain experienced social workers for Children's Services, particularly to work in the most demanding of the front line teams such as Intake and Assessment and Looked after Children. In August 2014 an additional MRS was agreed by the Corporate Management Team for experienced social work staff in teams regarded nationally as hard to fill, and the MRS paid to newly qualified social workers was reduced. All staff in posts requiring a social work degree receive a Standard MRS, however those experienced workers (Social Worker level 2 and above) with case holding responsibilities in the hard to fill teams (Assessment, Family Support, Court work; Long Term Looked After Children, Leaving Care and Conference & Review) also receive an additional Enhanced MRS. This innovative strategy enables us to compete in the highly competitive recruitment market but minimises the cost impact. Whilst there was initially some unhappiness from staff who were not eligible for the Enhanced MRS, none left and only one transferred to an eligible team. More experienced staff have been recruited in the year following implementation of the Enhanced MRS than in any year since CBC was created. Each new recruit results in an agency social worker being released and a cost saving of around £25k to the Council. The reducing vacancy rate amongst children's social workers and their managers (currently 22% overall but as high as 46% in hard to fill frontline services) has therefore reduced our overall spend on agency workers but this has inevitably increased the proportionate spend on MRS. It is still a better use of our resources to fund an MRS payment to a permanent member of staff rather than long term use of

an agency/ interim worker to cover the vacancy. It also maximises the chances of a child building a long term relationship with their social worker rather than frequent changes of locums.

9. Even with the introduction of MRS payments for qualified practitioners 3 years ago, Adult Social Care continues to face recruitment and retention difficulties. The requirements of the Care Act and the amendment to the Mental Capacity Act resulting in the marked increase in Deprivation of Liberty Safeguards assessments, has resulted in an increase in demand for adult social workers. The benchmarking data evidenced that CBC is paying less than neighbouring local authorities for experienced qualified Adult Social Workers, Senior Practitioners and Team Managers.

Consequently having reviewed a detailed business case CMT have recently approved the increase and extension of the current market rate supplements against particular posts in social care.

10. The MRS payments for Planning and Building Control were reviewed in 2014 and changes/reductions were made to reflect that they were no longer required for some posts. However recruitment to Planning roles has become increasingly difficult, in the current competitive market place and we have had to rely on agency workers to fill gaps where we have been unable to recruit. The current supplements are due to be reviewed in 2017 and it is likely that these will need to remain in place if the existing market conditions continue.
11. There are some legacy contractual entitlements that remain in place, and are protected under TUPE in Community Services.
12. There continues to be a requirement to pay MRS for posts for specialist IT and experienced qualified Finance posts. Regular reviews of the MRS paid to the Finance posts will be undertaken. The 1 post within IT which is paid an MRS will end in 2018 with the ending of a fixed term contract.

Number of MRS payments across salary bands

13. The graphs on Appendix A show that MRS payments are mainly paid to staff in the middle salary bands and not senior managers. However as evident from Appendix B, over the past two years the value of individual MRS have had to be increased, so a greater number of supplements are now paid in the higher pay bands. The data in both these appendices is based on the actual payment of MRS to individuals, it does not reflect the actual number of posts at that level which may be currently vacant and if filled will attract a MRS payment.

Market Rate Supplements as a percentage of the total pay bill.

14. In previous years members of the committee have also wished to understand what percentage of each Director's budget is used to fund the cost of MRS payments.
15. The attached Appendix C shows that the percentage of the total pay bill (excluding on-costs) for each directorate for 2013/14, 2014/15 and the most recent year 2015/16. Due to the impact of staff restructures and staff turnover the data for the annual cost of market rate supplements is taken from a date in time and then annualised.
16. The figures in Appendix C shows increases in the overall percentage, in Children's Services and ICS however in view of the need to increase the value of MRS to ensure we can attract and retain the skills and experienced staff required and the increasing success in filling social worker vacancies this would be expected. The reduction in percentage spend in Adult Social Care from 2012 to 2015 reflects the recruitment and retention problems experienced. This is being addressed through the recent CMT report to review MRS payments to offer a more competitive salary and Integrated Services have also undertaken reviews of the Customer Pathway and workforce profile requirements. These reviews will assist in developing the right workforce profile to deliver the corporate plan and develop a multi faceted approach to recruitment and retention.

Staff Turnover Rates

17. As MRS payments are used to attract and retain skills and experience for the Council, the Committee have previously asked to see the turnover rates including the specialist employment areas affected. The turnover rates quoted relate to voluntary leavers only and are calculated including all staff in those service areas regardless of whether they are in receipt of an MRS or not.
18. Appendix D shows that turnover across the Council has increased slightly in the past twelve months from 12.32% in 2014/15 to 13.41% in 2015/16. However this includes variations across services with some services showing increased turnover and others decreasing turnover.
19. The Council's MRS policy sets out that MRS are paid for a period of three years. This allows for stability and confidence that the payment is on going and not just a very short term measure. Any application for an MRS is agreed by CMT in accordance with the guidelines set out in the policy.
20. It is to be anticipated that in view of the three year commitment to the MRS that this will help stabilise staffing levels. We have certainly

seen this to be the case across some areas where MRS are paid. However turnover of staff can reflect a number of factors, the most frequent reason generally given for someone leaving are dissatisfaction with the job/pressure of the work, and lack of career development opportunities.

22. An important part of our approach to retaining our employees is to invest in skills development and this has been successful across the teams as the development opportunities provided are highly valued.
- 23 However whilst we have been working very hard to stabilise our Children's social worker groups, we are still faced by the challenge that the most common destination for social workers leaving children's services is to a temporary staff agency where pay is very much higher than in local government, the work is readily available and offers the freedom to move to different placements.
- 24 There has also been a major Regional project over the past 12-18 months focusing on helping to manage the increasing cost of agency workers with developing an agreed 'capped' range of temporary rates for social workers. Managing the rates may also help with reducing the attraction of agency work over and above permanent work. The Directors of Children's Services across the Eastern region have all signed up to support this project.

Corporate Priorities

- 25 The payment of a market rate supplement supports the Council's commitment to achieving its priorities by ensuring the ability to recruit and retain the skills required to deliver services.

Legal Implications

- 26 None specifically arising from this report as the payment of a market rate supplement is justified by the evidence of the market information collated and therefore can be defended against any equal pay challenge under equal pay legislation.

Financial Implications

- 27 None specifically arising from this report.

Equalities Implications

- 28 None specifically arising from this report as the payment of a market rate supplement is justified by the evidence of the market information collated and therefore can be defended against any equal pay challenge under equal pay legislation.

Conclusion

- 29 The information set out in this report and the attached appendices show that there is still a critical requirement to pay MRS in some service areas to enable the council to attract and retain employees with the necessary skills and experience to meet the needs of our services.

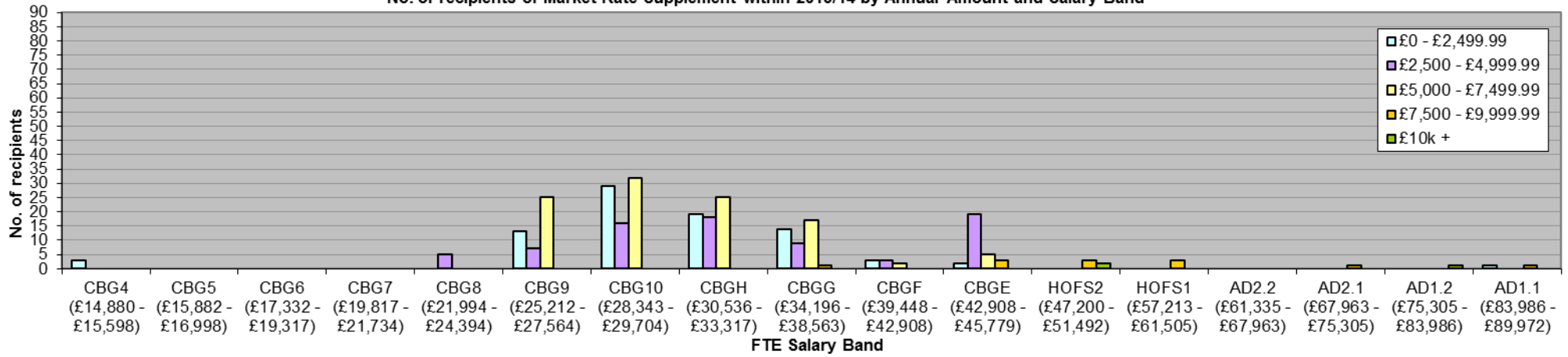
Appendices

- Appendix A – Number of recipients of Market Rate Supplements by salary band
- Appendix B – Annual Market Rate Supplements by banding
- Appendix C – Market Rate Supplements as a percentage of salary costs for 2013/14, 2014/15 and 2015/16
- Appendix D - Market Rate Supplement analysis including staff turnover information for 2013/14, 2014/15 and 2015/16.

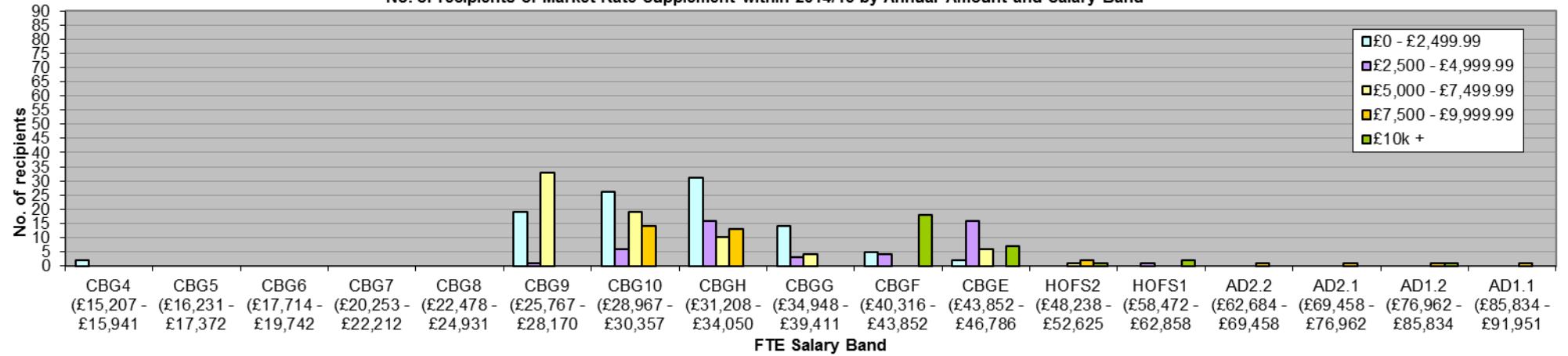
Background Papers

None

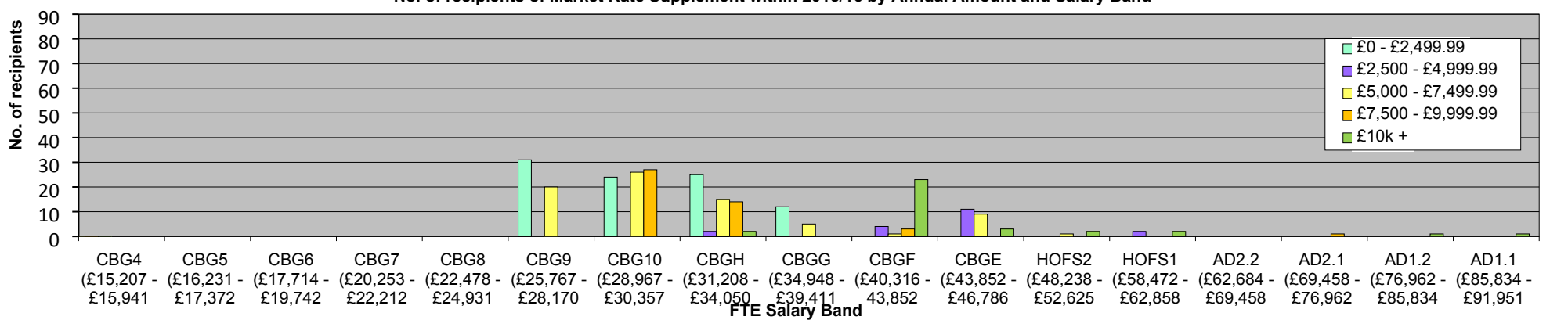
No. of recipients of Market Rate Supplement within 2013/14 by Annual Amount and Salary Band



No. of recipients of Market Rate Supplement within 2014/15 by Annual Amount and Salary Band



No. of recipients of Market Rate Supplement within 2015/16 by Annual Amount and Salary Band



Appendix B – Number of recipients of Market Rate Supplements by salary

2013/14	Annual Market Rate Supplement Banding					
Directorate	£0 - £2,499.99	£2,500 - £4,999.99	£5,000 - £7,499.99	£7,500 - £9,999.99	£10k +	
Children's Services	2	42	97	6	3	150
Social Care Health & Housing	71	19	0	0	0	90
Community Services	4	1	2	1	0	8
Financial Services	0	0	6	0	0	6
Improvement & Corporate Services	0	0	6	1	0	7
Regeneration	7	15	1	4	0	27
No. of Recipients in 2013/14	84	77	106	12	3	282

2014/15	Annual Market Rate Supplement Banding					
Directorate	£0 - £2,499.99	£2,500 - £4,999.99	£5,000 - £7,499.99	£7,500 - £9,999.99	£10k +	
Children's Services	3	23	63	29	27	145
Social Care Health & Housing	88	8	2	0	0	98
Community Services	3	0	2	1	0	6
Financial Services	0	0	6	0	0	6
Improvement & Corporate Services	0	0	0	0	1	1
Regeneration	5	16	0	3	1	25
No. of Recipients in 2014/15	99	47	73	33	29	281

2015/2016	Annual Market Rate Supplement Banding					
Directorate	£0 - £2,499.99	£2,500 - £4,999.99	£5,000 - £7,499.99	£7,500 - £9,999.99	£10k +	
Children's Services	14	7	54	45	29	149
Social Care Health & Housing	78	2	10	0	0	90
Community Services	1	0	2	0	0	3
Financial Services	0	0	7	0	0	7
Improvement & Corporate Services	0	0	0	0	1	1
Regeneration	0	10	3	2	0	15
No. of Recipients in 2015/16	93	19	76	47	30	265

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Appendix C - Market Rate Supplements as a percentage of salary costs 2013/2014, 2014/2015 and 2015/2016

Directorate	2013/14 Cost of Market Rate Supplement s	2014/15 Cost of Market Rate Supplements	2015/16 Cost of Market Rate Supplement s
Children's Services	£537,132	£702,424	£975,884
Social Care Health & Housing	£166,546	£133,307	£151,143
Chief Executive	£0	£0	£0
Community Services	£20,164	£21,467	£13,158
Improvement & Corporate Services	£6,667	£5,810	£14,166
Public Health	£0	£0	£0
Financial Services	£25,943	£34,632	£33,360
Regeneration	£101,396	£82,570	£69,288
TOTAL	£857,847	£980,210	£1,256,999

Directorate	2013/14 Salary Costs	MRS as % Salary Costs 2013/14	2014/15 Salary Costs	MRS as % Salary Costs 2014/15	2015/16 Salary Costs	MRS as % Salary Costs 2015/16
Children's Services	£11,325,359	4.74%	£11,460,657	6.13%	£12,634,508	7.72%
Social Care Health & Housing	£13,342,563	1.25%	£16,362,619	0.81%	£18,440,277	0.82%
Chief Executive			£209,145	0.00%	£209,470	0.00%
Community Services	£8,093,897	0.25%	£8,095,816	0.27%	£9,905,454	0.13%
Improvement & Corporate Services	£11,377,062	0.06%	£11,780,002	0.05%	£9,970,131	0.14%
Public Health			£746,190	0.00%	£710,406	0.00%
Financial Services	£4,772,741	0.54%	£4,017,166	0.86%	£4,050,142	0.82%
Regeneration	£5,876,179	1.73%	£5,380,490	1.53%	£5,366,210	1.29%
TOTAL	£54,787,801	1.57%	£58,052,085	1.69%	£61,286,598	2.05%

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Appendix D – Market Rate Supplement Analysis Turnover Information for 2013/14, 2014/15 & 2015/16

Area	2013/14	2014/15	2015/16
	Voluntary Turnover Rate	Voluntary Turnover Rate	Voluntary Turnover Rate
CBC	10.79%	12.32%	13.41%
<i>Assets</i>	6.38%	2.04%	12.12%
<i>Financial Services</i>	2.72%	2.56%	7.81%
<i>Information Technology</i>	19.48%	12.33%	26.25%
<i>Child Serv Ops</i>	16.97%	14.10%	12.44%
<i>Learn&Strat Com / Comm & Part / School Imp</i>	17.19%		9.09%
<i>Commissioning</i>		11.39%	15.79%
<i>School Improvement</i>		7.94%	
<i>Social Care Health & Housing</i>	9.93%	18.89%	15.04%
<i>Resources</i>	10.77%	11.43%	9.76%
<i>CS, PP, W&L</i>	10.39%	7.76%	16.10%
<i>Highways & Tran</i>	13.98%	13.53%	14.62%
<i>Development Infrastructure</i>	5.26%	8.39%	8.86%

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