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**Meeting:** General Purposes Committee  
**Date:** 29 May 2014  
**Subject:** Market Rate Supplement Payments – Annual Update  
**Report of:** Deb Clarke, Director of Improvement and Corporate Services  
**Summary:** To receive an update about the current application of market rate supplements to post across Central Bedfordshire Council.

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**Advising Officer:** Deb Clarke, Director of Improvement and Corporate Services  
**Contact Officer:** Catherine Jones, Chief People Officer (Acting)  
**Public/Exempt:** Public  
**Wards Affected:** None  
**Function of:** None

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

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

### **Financial:**

1. None specifically arising from this report

### **Legal:**

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

### **Risk Management:**

3. None specifically arising from this report.

### **Staffing (including Trades Unions):**

4. None specifically arising from this report.

### **Equalities/Human Rights:**

5. None specifically arising from this report as set out in 3 above.

### **Public Health**

6. Not Applicable

**Community Safety:**

7. Not Applicable.

**Sustainability:**

8. Not Applicable.

**Procurement:**

9. Not Applicable.

**RECOMMENDATION:**

**The Committee is asked to receive an annual update about the current application of market rate supplement to posts across Central Bedfordshire Council.**

**Background**

10. In 2013, the Committee considered two update reports on the current application of market rate supplements (MRS) to posts across Central Bedfordshire Council.
11. Having received an initial update report the Committee requested further information to be presented resulting in a second update report in July 2013.
12. This report provides information covering:
  - the percentage of cost of market rate supplements against the total salary bill by directorate
  - the number of MRS payments against salary bands
  - staff turnover in the service areas in receipt of MRS
13. The application of an MRS is to 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.
14. 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 £28k (CBG 10).
15. 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.

16. 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. The implementation of the 2% pay reduction applied to the Council's salary scales in October 2011 increased the differential against the market rate for some posts.
17. Despite on-going high levels of unemployment nationally which would suggest that it would be easy to recruit to posts and therefore reduce the requirement to pay an MRS; 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.
18. The Committee will be aware of the continuing pressures 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.
19. A separate presentation to the Committee by Edwina Grant, Director of Children's Services will set out in full detail the issues faced by Children's Services and the subsequent knock on effect of using significant numbers of agency workers to ensure posts are covered. It is essential that vacant posts are covered to minimise the risks of insufficient social workers to manage the demand being generated.
20. While the main area for payment of MRS is Children's Services, we had to introduce MRS payments in Adult Social Care in late 2012 to ensure we are able to recruit and retain experienced senior practitioners and qualified adult social workers.
21. The MRS payments for Planning are currently under review with recommendations being submitted to CMT for changes being based on up to date market data. However we are aware that the market in areas such as planning is now picking up with neighbouring authorities looking to recruit and we are keen not to lose the skills and experience built up over the past few years.
22. There continues to be a requirement to pay MRS to posts for specialist ICT and experienced qualified Finance posts.

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

23. In view of the increasing number of MRS payments reported, Members requested further information including the percentage of each Director's budget used to fund them and to show the trend from previous years.
24. The attached Appendix A shows the percentage of the total pay bill (including on-costs) for each directorate for 2011/12, 2012/13 and 2013/14. Due to restructures and staff turnover the data for the annual cost of market rate supplements is taken from a date in time and annualised.

25. The graphs on Appendix B provide further information showing the number of MRS payments against salary bandings for the last 3 years. This shows that the majority of MRS payments are paid to mid band salaried staff with only a few management posts receiving payments to avoid knock-on effects where managers might be paid less than their staff.

### **Staff Turnover Rates**

26. The Committee have also requested information on staff turnover rates including the specialist employment areas affected. The turnover rates quoted relate to voluntary leavers only. It is important to note that turnover can be calculated in many ways and in the figures provided in Appendix C include staff not in receipt of a MRS.
27. 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 a very short term measure. Any application of an MRS is agreed by CMT in accordance to the guidelines set out in the policy.
28. It is anticipated that the application of a MRS will help to stabilise staffing levels. Whilst this has happened in teams such as Planning, factors, such as the recruitment market in Children's Services has meant that we have still experienced high levels of turnover which is being addressed as part of a wider workforce development programme.
29. Turnover of staff can reflect a number of factors, the most frequent reason generally given for someone leaving are dissatisfaction with the job and lack of development opportunities. Financial reward is not always the main reason but if there are significant financial benefits of moving to another neighbouring authority this may be sufficient to entice staff to move.
30. The most common destination for social workers leaving Children's Services is temporary staff agencies where pay is very much higher than in local government, the work is readily available and with the freedom to move to different placements.
31. We continue to invest in our staff including management skills to help improve the overall management of our employees which contributes to our ability to attract, recruit and retain employees required to support the delivery of the council's objectives.

### **Conclusion**

32. The information set out in this report and the attached appendices shows that there is still a critical requirement to pay MRS in some service areas to enable the Council to attract, recruit and retain.

## **Provision of Agency staff**

33. The Committee also requested that officers secure savings with regard to the Carlisle Management Solutions contract. On 22 April 2014, the Executive considered and endorsed a recommendation to seek alternative arrangements for the provision of temporary agency staff and these alternative arrangements will generate savings for the Council.

## **Appendices:**

Appendix A - Market Rate Supplements as a percentage of salary costs 2011/12, 2012/13 and 2013/14

Appendix B - Number of recipients of Market Rate Supplements by salary band

Appendix C - Turnover Information for 2011/12, 2012/13 and 2013/14 (as at 28 March 2014)

## **Background Papers:**

None

## **Location of Papers:**

N/A