

MARKET RATE SUPPLEMENT PAYMENTS – ANNUAL UPDATE

Report of Deb Broadbent-Clarke, Director of Improvement and Corporate Services
(deb.broadbent-clarke.centralbedfordshire.gov.uk)

Advising Officers:

Catherine Jones, Acting Chief People Officer
(catherine.jones@centralbedfordshire.gov.uk)

Purpose of this report

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

RECOMMENDATIONS

The Committee is asked to:

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

Overview and Scrutiny Comments/Recommendations

This report is not scheduled to be considered by Overview and Scrutiny.

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 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. 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.
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 Access & Assessment, Family Support and Looked after Children. The MRS for newly qualified graduate social workers has however been reduced due to the intense competition for posts on the post graduate training scheme, and this has not affected numbers or quality of applicants. Difficulties in recruiting experienced social work qualified staff at Head of Service level remain.
9. However there are also signs of pressure in areas of Adult Social Care and therefore we have had to introduce MRS payments to ensure we are able to recruit and retain experienced senior practitioners and qualified adult social workers.
10. The MRS payments for Planning and Building Control have recently been reviewed and changes/reductions made to reflect that they are no longer required for some posts. However we are aware that there is increasing planning activity in and around Central Bedfordshire providing opportunities for our current staff and making it harder to recruit to vacancies and so will retain a close eye on the market to ensure we can retain our experienced and skilled staff at a time when the Council has increasing development demands.
11. There continues to be a requirement to pay MRS for posts for specialist IT and experienced qualified Finance posts.

Number of MRS payments across salary bands

12. 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.

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

13. 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.
14. The attached Appendix C shows that the percentage of the total pay bill (excluding on-costs) for each directorate for 2012/13, 2013/14 and the most recent year 2014/15. 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.
15. The figures in Appendix C show a slight increase in the overall percentage, particularly in Children's Services, 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 this would be expected. 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 an agency/ interim to cover the vacancy.

Staff Turnover Rates

16. 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.
17. Appendix D shows that turnover across the Council has increased slightly in the past twelve months from 10.79% for 2013/14 to 12.32% in 2014/15. However this includes variations across services with some services showing increased turnover and others decreasing turnover.
18. 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.
19. 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.

21. 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.
22. There has been success in stabilising our Children's social worker groups through: reducing turnover; ongoing recruitment of experienced staff; systematic recruitment of the best social work graduates supported by the CBC Academy of Social Work and Early Intervention, Nonetheless we are still faced the challenge that there is high national demand for experienced staff and it is very easy for experienced social workers to leave and undertake agency work where pay is very much higher than in local government, the work is readily available and offers the freedom to move to different placements.
23. There has also been a major Regional project over the past twelve 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

24. 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

25. 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

26. None specifically arising from this report

Equalities Implications

27. None specifically arising from this report as set out in paragraph 25 above.

Conclusion

28. 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

The following appendices are attached.

- 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 2012/13, 2013/14 and 2014/15
- Appendix D - Market Rate supplement analysis including staff turnover information for 2012/13, 2013/14 and 2014/15.

Background Papers

None