

REVIEW OF MARKET SUPPLEMENTS

Submitted by: Executive Management Team

Portfolio: Finance and Budget Management

Ward(s) affected: Not Applicable

Purpose of the Report

To maintain the future continuity of service provision by ensuring the recruitment/retention of suitability qualified and experienced staff.

In pursuance of this, to confirm a future level of market supplement to a total of 4 posts.

Recommendation

That, taking into account the detailed information contained in the report at Part II of your agenda, Market Forces Supplement payments equivalent to 4 spinal column points be applied to the four posts where this has been identified as necessary by appropriate benchmarking exercises, for the period 1 December 2012 to 30 June 2015.

Reasons

The proposed number and future level of market supplements is fair and reasonable both in relation to the employees who will receive them and those who do not and should be sufficient to enable the retention and recruitment of suitably qualified and experienced staff.

1. Background

1.1 The Job Evaluation Scheme, establishing the grades for all National Joint Council (NJC) posts was implemented at the council in October 2005.

1.2 Where there are problems recruiting or retaining employees at job evaluated rates, it is justifiable to consider market supplement schemes provided:

- They are based on clear evidence of recruitment/retention problems;
- Clear, transparent and fair criteria are used for the application of market supplements;
- Market salary testing uses appropriate market comparators for particular posts;
- They apply to existing as well as newly recruited postholders in the relevant job;
- The 'job evaluated' grade and any additional market supplement are clearly identified, shown as a separate allowance to the pay/grade determined by job evaluation and understood by employees in receipt; and
- The contractual terms of future payments are sufficiently clear to enable payments to be withdrawn if the 'market' changes.

1.3 There are currently only four employees receiving market supplement payments.

2. Issues

2.1 The principal issue associated with establishing an appropriate level of future supplements is which comparator posts should be included within a benchmarking exercise.

2.2 Members will note that there is a detailed report in respect of this matter at Part II of your agenda which will assist members in understanding the specific proposals. That report contains information about the remuneration of specific staff members which is deemed as confidential within the provisions of Paragraph 2 in Part 1 of Schedule 12A of the Local Government Act 1972.

3. **Options Considered**

3.1 In respect of the benchmarking process, it is considered reasonable to include:

- Similar posts within any Council within Staffordshire
- Similar posts within any Council adjoining Staffordshire

4. **Proposal**

(a) That for the four posts covered by the benchmarking exercises, a market supplement of an additional 4 spinal column points be applied (this represents minus two SCPs in relation to the supplement currently applied to these posts);

(b) That Market Forces Supplements apply to the four posts from 1 December 2012 until 30 June 2015, to be reviewed in December 2014.

5. **Reasons for Preferred Solution**

5.1 The proposed future level of market supplements is fair and reasonable both in relation to the four employees who will receive them and those who do not and should be sufficient to enable the retention/recruitment of suitably qualified and experienced staff.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

Not applicable.

7. **Legal and Statutory Implications**

7.1 Under employment/equality legislation, it is justifiable to consider market supplement schemes where there are problems retaining or recruiting employees at job evaluated rates provided they are:

- Based on clear evidence of recruitment/retention problems;
- Clear, transparent and fair criteria are used for the application of the supplements;
- Market salary testing uses appropriate comparator posts;
- They are applied equally to all employees in the relevant job (existing/new).

8. **Equality Impact Assessment**

8.1 The proposal is that the future supplements will apply equally to all the relevant postholders.

8.2 Updated job evaluations have been conducted in relation to the posts to which it is proposed the market supplements will continue to apply to confirm the substantive grade for the posts in accordance with the council's approved scheme.

9. **Financial and Resource Implications**

9.1 The additional salary costs (including employer's on-costs) of continuing to pay market supplement payments at a level of 4 spinal column points over and above the job evaluated grades for the four posts amount to £17,606 per annum.

9.2 This would be a reduction on the current cost of market supplements for these posts of £26,246, for which provision has been made in the 2012/13 salaries budget.

10. **Major Risks**

10.1 Failure to retain/recruit suitably qualified and experienced staff would have a significantly detrimental effect on service delivery.

11. **Sustainability and Climate Change Implications**

Not applicable.

12. **Key Decision Information**

Not applicable.

13. **Earlier Cabinet/Committee Resolutions**

Not applicable.

14. **List of Appendices**

Not applicable.

15. **Background Papers**

The detailed report contained at Part II of this agenda.