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| Title of Report: | Market Supplement Review |
| Report to be considered by: | Personnel |
| Date of Meeting: | 19th February 2013 |
| Forward Plan Ref: | TBC |

Purpose of Report:

1. To seek Personnel Committee approval for a proposal to abolish the Market Supplement Policy from 1st April 2014.
2. If approved, no new market supplements will be made after 19th February 2013.
3. If approved, all existing market supplement payments will cease on 31st March 2014.

Recommended Action:

Personnel Committee to approve the proposal.

Reason for decision to be taken:

Changes in the external jobs market and the economy mean that the Council does not need a market supplements policy to recruit and retain staff.

Other options considered:

To continue to operate the existing market supplement policy and to commission a bespoke salary survey at a cost of several thousands to the Council.

Key background documentation:

Market Supplements Policy - on HR intranet.

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| The proposals will also help achieve the following Council Strategy principle: | |
| <input checked="" type="checkbox"/> | CSP6 - Living within our means |
| The proposals contained in this report will help to achieve the above Council Strategy priorities and principles by: reducing the salary bill for 2014/15. | |

| Portfolio Member Details | |
|---|--|
| Name & Telephone No.: | Councillor Alan Law - Tel (01491) 873614 |
| E-mail Address: | alaw@westberks.gov.uk |
| Date Portfolio Member agreed report: | 24 January 2013 |

| Contact Officer Details | |
|-------------------------|---------------------------|
| Name: | Robert O'Reilly |
| Job Title: | Head of HR |
| Tel. No.: | 01635 519356 |
| E-mail Address: | roreilly@westberks.gov.uk |

Implications

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| Policy: | The proposal would delete the Market Supplement Policy and Procedure. |
| Financial: | If approved there will be a saving of £57,352 in 2014/15 which will return to the relevant services' budgets. |
| Personnel: | Consultation with trade unions and affected staff has been undertaken and is included at Appendix E of this report. |
| Legal/Procurement: | The contracts of staff transferred under TUPE from Wokingham include some market supplement payments. |
| Property: | none |
| Risk Management: | none |
| Equalities Impact Assessment: | Attached at Appendix A. |

Executive Summary

1. Introduction

- 1.1 The existing Market Supplements Policy and Procedure (see Appendix C) was designed to increase the salary of individuals in particular jobs above the grade arising from job evaluation, where circumstances meant that recruitment and/or retention levels could not be maintained to meet service need.
- 1.2 Market supplements payments always create a risk of challenge under equal pay legislation and therefore the policy states that they must be reviewed every two years. The purpose of the market supplement policy is to match the rates paid by rival recruiters. In recent years the Council was able to access salary surveys to see if the market supplements for particular jobs were still justified. However since the economic downturn these salary surveys have ceased due to lack of demand. To continue with the existing policy, HR would need to pay several thousand pounds to commission a bespoke salary survey.
- 1.3 The Heads of Service who have posts in their service receiving market supplements have been consulted on this proposal. With the exception of the Head of ICT, they accept that if the jobs were advertised tomorrow without a market supplement, there would undoubtedly be an adequate number of satisfactory candidates. The Council does not have recruitment and retention difficulties in any of the areas covered by market supplements (ICT, Highways and Transport, EH and Trading Standards).
- 1.4 In light of the economic downturn, the Council can no longer justify the use of market supplements and does not need to have a policy for the use of market supplements.

2. Proposals

- I. To abolish the Market Supplement Policy from 1st April 2014.
- II. All existing market supplement payments will cease on 31st March 2014.
- III. No new market supplement payments will be made from 19th February 2013.

3. Equalities Impact Assessment Outcomes

- 3.1 See Appendix A

4. Conclusion

- 4.1 The Personnel committee is invited to approve the proposals above.
- 4.2 If approved, HR will then write to the affected staff to formally give notice that their market supplement payments will cease on 31st March 2014.

Executive Report

1. Introduction

- 1.1 West Berkshire Council operates a job evaluation scheme based on the Local Government version of the Hay scheme. All new jobs, or changed jobs, are evaluated and the pay grade is determined through the agreed job evaluation procedure.
- 1.2 The job evaluation scheme is based on ranking jobs within the Council against each other and does not take into account fluctuations in the labour market and current market salary rates for different types of jobs.
- 1.3 The payment of market supplements over and above basic pay is legitimate in circumstances where an employer needs to offer a higher pay level in order to attract or retain staff.
- 1.4 WBC could face equal pay claims from other staff who do not receive this additional payment if WBC cannot justify them by reference to market rates. It is no longer possible to find such a justification.

2. Current position

- 2.1 Currently within the council there are 13 posts held by 29 individuals that attract a market supplement across 3 service units. The total annual cost of these supplements is £57,352.
- 2.2 In order to objectively evaluate the market supplements against current market conditions, a bespoke salary survey would need to be commissioned. In the current economic climate there is virtually no demand for salary surveys. To commission ones for the market supplements paid in WBC would cost several thousand pounds for each service.
- 2.3 The purpose of the market supplement policy was to match the rates paid by rival recruiters and avoid recruitment and retention difficulties.
- 2.4 The current experience of recruiting for posts across the Council is that we have no shortage of candidates. Retention rates in the Council are not causing a problem for service delivery.
- 2.5 There are market supplements paid in three service areas. Details are shown at Appendix B.
- 2.6 The highest individual market supplements are paid to seven staff in ICT (£28k in total). A small market supplement of £500 is paid to 17 Civil Enforcement Officers.
- 2.7 A number of staff who formerly worked for Wokingham Council, and are now part of the shared Trading Standards team following a TUPE transfer, receive a market

supplement. The contracts transferred from Wokingham Council state that:
The Council can at its discretion decide to pay a market supplement to a specific post or posts where it judges that this is necessary to aid recruitment and/or retention of suitable staff. Such supplements are not permanent and can be withdrawn, following consultation at the Councils' discretion if it judges that such a supplement is no longer applicable. The Council may also decide to vary or discontinue the general scheme for the payment of salary supplements following consultation.

3. Proposal

- 3.1 Based on the economic situation, and the current WBC recruitment and retention rates, an informed management judgement can be made that the Council no longer requires a Market Supplement Policy.
- 3.2 The employees transferred under TUPE from Wokingham Council have a term in their contracts which states that the Council (now WBC) may decide to discontinue the general (Market Supplement) scheme for the payment of market supplements following consultation. Therefore the transferred staff can be included in this proposal (they are not protected under TUPE). The total savings may be slightly reduced if the removal of the market supplements prompts staff on Wokingham terms under TUPE to come across to WBC terms.
- 3.3 The trade unions and employees currently receiving a market supplement have been consulted on the proposals in this report. The responses received during the consultation period are shown at Appendix D.
- 3.4 The Head of HR has provided a note for the Personnel Committee to clarify some of the general points made in the consultation responses. This note is shown at Appendix E.
- 3.5 No new market supplement payments will be made after 19th February 2013 if the proposal is approved by the Personnel Committee decision
- 3.6 This proposal, if agreed by the Personnel Committee, would give the staff currently in receipt of a market supplement over 12 month's notice that their temporary increase to salary will cease on 31st March 2014 as a consequence of the abolition of the Market Supplement Policy.

4. Conclusion

- 4.1 Personnel Committee is invited to approve the proposal to abolish the Market Supplement Policy with effect from 1st April 2014.
- 4.2 If approved, all market supplement payments will cease on 31st March 2014.
- 4.3 If approved, this proposal will achieve savings for the affected services of £57,352 p.a.
- 4.4 If approved, no new market supplement payments will be made from 19th February 2013.

4.5 If approved, with effect from 1st April 2014 all posts will be remunerated in accordance with the WBC job evaluation scheme.

Appendices

Appendix A – Equality Impact Assessment – Stage 1

Appendix B - Confidential list of all market supplement payments and salary details.

(please note that this appendix is confidential and must be treated accordingly)

Appendix C - Market Supplement Policy and Procedure

Appendix D - Responses received from consultation with affected employees and TUs. *(this appendix is split into two parts and the second part (D2) is confidential and must be treated accordingly)*

Appendix E - HR note on some general points made in the consultation responses.

Appendix F - Local authority comparison pay data *(please note that this appendix is confidential and must be treated accordingly)*

Consultees

Local Stakeholders: n/a

Officers Consulted: Sean Anderson, Mark Edwards, Steve Broughton, Kevin Griffin,
Corporate Board

Trade Union: Unison and GMB

APPENDIX A

Equality Impact Assessment – Stage One

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| Name of item being assessed: | Market Supplement Review |
| Version and release date of item (if applicable): | |
| Owner of item being assessed: | Robert O'Reilly |
| Name of assessor: | Robert O'Reilly |
| Date of assessment: | 30th October 2012 |

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| 1. What are the main aims of the item? |
| To remove the Market Supplement Policy |

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| 2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) | | |
| Group Affected | What might be the effect? | Information to support this. |
| | | |
| Further comments relating to the item: N/a | | |

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| 3. Result (please tick by clicking on relevant box) | |
| <input type="checkbox"/> | High Relevance - This needs to undergo a Stage 2 Equality Impact Assessment |
| <input type="checkbox"/> | Medium Relevance - This needs to undergo a Stage 2 Equality Impact Assessment |
| <input type="checkbox"/> | Low Relevance - This needs to undergo a Stage 2 Equality Impact Assessment |
| <input checked="" type="checkbox"/> | No Relevance - This does not need to undergo a Stage 2 Equality Impact Assessment |

For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.

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| 4. Identify next steps as appropriate: | |
| Stage Two required | |
| Owner of Stage Two assessment: | |
| Timescale for Stage Two assessment: | |
| Stage Two not required: | |

Name: Robert O'Reilly

Date: 06/12/12