

Report of: Assistant Chief Executive (Governance and HR)

Meeting of Audit Committee	Date 20 September 2016	Agenda Item	Ward(s)
Delete as appropriate	Exempt	Non-exempt	

SUBJECT: Market Supplements**1. Synopsis**

- 1.1 In January 2015 the Audit Committee adopted a market supplements policy with effect from 1 March 2015 to help address the difficulties being experienced in recruiting to a number of specific technical and professional roles. Market supplements meeting criteria set out in the policy are required to be agreed by the Audit Committee. The report seeks approval for three such market supplements.

2. Recommendations

- 2.1 To agree the market supplements set out in paragraph 3.5.

3. Background

- 3.1 The Policy and Performance Scrutiny Committee undertook a review of the council's use of agency workers and presented its report to the Executive in May 2014. Recommendations arising out of that review included one that the council should consider the use of market supplements for "hard to fill posts" as part of a strategy for reducing the use of agency staff.
- 3.2 The policy sets quite stringent requirements in respect of evidence of the need for a supplement and requires that markets supplements are approved by the Chief Executive, or if they meet specified criteria, are considered by the Audit Committee itself.
- 3.3 The policy requires that a business case is prepared before a market supplements can be agreed. The business case is required to address the following issues:
- (a) The anticipated detrimental impact on the operation of the council and its services of failing to recruit to, or retain, suitable employees in the post.
 - (b) Alternatives available to the market supplement approach (e.g. use of agency staff).

- (c) The outcome of previous attempts to recruit to the post and/or difficulties in retaining employees in the post due to its remuneration, including exit interview information;
- (d) Evidence of steps taken to maximise the attractiveness of the role and the likelihood of recruiting to it;
- (e) Detailed information concerning the local labour market relevant to the post concerned using specific comparator jobs or survey information where this is sufficiently detailed and relevant.
- (f) This information to cover at least 3 comparator roles and include the job descriptions (including management span and budget responsibilities), person specifications and overall remuneration and benefits package (including annual leave entitlement and other benefits) of roles cited as comparators.
- (g) The calculation of the proposed supplement based on the median of the comparators used;
- (h) Confirmation that the cost of the market supplement if applied can be met from the service's existing budget.

3.4 The following market supplements have been implemented since the policy was introduced:

Service Area	Division	Job title	Period	Amount per annum
Finance and Resources	Digital Services and Transformation	Information Security Adviser	27/05/2015 - 03/05/2016	£8175
Finance and Resources	ICT Strategy and Transformation	Business Engagement Manager	29/06/2015 - 30/11/2015	£4995

In addition, the following market supplements have been approved but the roles have not yet been recruited to:

Service Area	Division	Job title	Amount per annum
HASS	Housing Property Services	Lead Domestic Gas Engineers	£6,870
HASS	Housing Property Services	Mechanical Inspectors	£10,000
HASS	Housing Property Services	Group Lead mechanical and Electrical team	£9,000
HASS	Housing Property Services	Senior Electrical Engineers	£8,000
HASS	Housing Property Services	Principal Lift Engineer	£5,000

3.5 The three request forms included in Appendix 1 are brought to the Audit Committee for consideration as required by the policy because the market supplements requested are more than 20% of the evaluated grade for the post.

The market supplements requested are as follows:

- Mechanical Engineer x 3. Top of grade = £39069 x 20% = £7,813. Supplement requested £11k
- Mechanical Inspector x 2. Top of the grade = £32,964 x 20% = £6,592. Supplement requested £10k
- Electrical Inspector x 2. Top of the grade = £40,700 x 20% = £8,140. Supplement requested £7k.

3.6 The request forms in Appendix 1 address requirements (a) – (g) of the business case. The position in respect of the budget for the market supplements requested is contained in the Financial Implications section below.

3.7 If these supplements are agreed, they can only be applied for up to 2 years under the policy and will be reviewed after 1 year.

4. Implications

4.1 Financial implications:

There is no budget provision for expenditure on the proposed market supplements. The ongoing HRA pressure for the posts in respect of which supplements are sought in this report is £83k per annum inclusive of on costs (c.11% NI & 12.5% pension contribution). There is an existing pressure of £17k (Incl. on costs) arising from market supplements already agreed in this service - 2 x Lead Gas Engineers. In 2016/17 this pressure will be met from HRA contingencies. The Finance Department will aim to contain the pressure during the 2017/18 budget setting process.

4.2 Legal Implications:

Where a supplement is paid on top of the evaluated grade of a post the potential for equal pay claims arises. The council needs to demonstrate that there is a “material factor” which is neither directly nor indirectly sex discriminatory to avoid or defend such claims. The state of the employment market, which may lead an employer to increase the pay of a particular job in order to attract candidates, may constitute an objectively justified economic ground for a pay disparity. Having a robust market supplements policy in place, which has been equality impact assessed, is kept under review and which requires the market conditions and recruitment difficulties to be evidenced, mitigates the risks of using supplements.

4.3 Environmental Implications:

There are no environmental implications arising from this report.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment was undertaken in respect of the Market Supplement policy. The policy itself is not considered likely to have an adverse impact on any

particular group but as the policy gives discretion to managers the use of the policy by managers will be monitored to ensure it is being fairly applied.

5. Conclusion and reasons for recommendations

- 5.1 The council has been experiencing difficulties in recruiting to some specialist posts which can undermine service delivery and has led to the use of agency workers. The committee is asked to consider and approve the requested market supplements.

Appendices

Market Supplements Requests

Background papers: (available online or on request)

Final report clearance:

Signed by:



Debra Norman
Assistant Chief Executive (Governance and HR)

Date

Received by:

Head of Democratic Services

Date

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