

Market Rate Supplement Policy Update – Central Policy

Purpose

- 1.1 HR have recently updated the council's central Market Rate Supplement policy, last reviewed in 2017, to ensure they reflect how the Council will consider and award Market Rate Supplements (MRS).

Recommendations

- 2.1 To note the proposed main changes to the revised Market Rate Supplement Policy as set out in the Supporting Information section.
- 2.2 To approve the revised policy (Appendix 1) and to note that subject to this ratification the revised policy, application forms and guidance will be published on the Council's intranet and a communication roll out of the changes will be shared with colleagues.

Reason(s)

- 3.1 The policy has been revised in line with the Council's requirements for periodic policy review and updated to ensure that it accurately reflects the Council's approach to paying an MRS.
- 3.2 To enable all colleagues and managers to better understand when an MRS could be appropriate and to clarify how and when an approved MRS will be applied, reviewed and adjusted/withdrawn.

Supporting information

- 4.1 The main purpose of the policy is to clarify the process for managers assessing whether an MRS is appropriate in the first instance and then making an MRS application for CLT to consider. The policy also clearly sets out expectations on how an MRS will be applied, reviewed and subsequently adjusted or removed.
- 4.2 Under policy aspects, the policy still emphasises that an MRS should only be used in exceptional circumstances but is strengthened to make clear there should be evidence to show both recruitment *and* retention issues with a post, along with service disruption.

- 4.3 Roles and responsibilities within the MRS policy remain largely unchanged but titles have been refreshed to make current. Roles and responsibilities within the policy are expanded upon as part of the procedure.
 - 4.4 Whilst the terms of how an MRS will be applied to a post and maintained has not changed the policy does now clarify how an MRS will be automatically adjusted, without notice, in-line with changes to basic salary (such as incremental progression and pay awards) so that the value of the MRS does not exceed the amount evidenced by the local labour market and agreed by CLT in the MRS application.
 - 4.5 Once in place an MRS must be reviewed regularly to ensure it remains objectively justified. The review process has been updated to remove any ambiguity as to the review period and reiterates expectations on managers to ensure a review occurs within the 24 months' timeframe.
 - 4.6 Whereas previously MRS recipients were given 3 months' notice of reductions or withdrawals of an MRS following a review, should the evidence indicate that the payment is no longer justified and therefore needs to be removed, or should the payment need to be reduced to bring in-line with changes to the labour market, MRS recipients will now be given one month's notice of the change. This reduction to the notice period ensures payments are not extended beyond what is necessary and supports the Council's pressing objective to deliver services as efficiently as possible. An MRS is intended to be a temporary payment and as such the policy (and supporting guidance) reiterate the need (allocated in the roles and responsibilities) for clear communication to recipients so that they understand the reasons for the payment and how it will be reduced or removed.
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Public/stakeholder engagement

- 5.1 The revised draft Market Rate Supplement Policy has been developed with feedback and support from key stakeholders including Trades Union representatives, CLT, HR and legal colleagues.
- 5.2 We have sought advice from the Lead on Equality and Diversity about the changes to the policy and the Equality Impact Assessment (Appendix 2).
- 5.3 The policy has been developed using NJC guidance as a benchmark and by reviewing other local authorities equivalent MRS policies.

Other options

- 6.1 Do nothing and retain the current policy and guidance. This is not considered to be an appropriate approach, as it fails to emphasise the purpose of the MRS or provide clarity to MRS recipients on how it will apply, be reviewed and ultimately withdrawn.

Financial and value for money issues

- 7.1 Reducing the notice period when reducing or removing an MRS supports the Council's objectives to provide services as efficiently as possible.

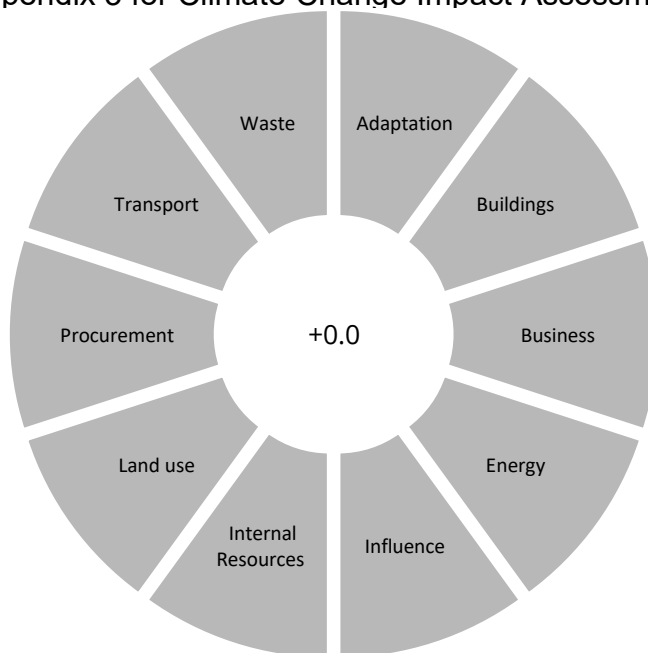
Legal implications

- 8.1 An MRS, if objectively justified, can be a legitimate reason to pay one group of staff (where there is a predominance of male or female employees) more than another. As such the Council's MRS policy needs to be clear on the reason for an MRS payment, when it is appropriate and how it should be evidenced.
- 8.2 An MRS is a temporary payment used in exceptional circumstances. Therefore, how it will be applied to a post should be explicit in the policy so that the Council can regularly review and amend/withdraw the payment when it is necessary to do so.

Climate implications

- 9.1 None – see Appendix 3 for Climate Change Impact Assessment Report

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Socio-Economic implications

- 10.1 None

Other significant implications

- 11.1 All policies are underpinned by an EIA and the EIA for the Market Rate Supplement Policy (appendix 2) has been reviewed by the Equality and Diversity Lead.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Charlotte Hutton	31/08/23
Finance	N/A	
Service Director(s)	Heather Greenan	01/09/23
Report sponsor	Heather Greenan	01/09/23
Other(s)	Liz Moore	30/08/23

Background papers:	
List of appendices:	Appendix 1 – Central Market Rate Supplement Policy Appendix 2 – EIA Appendix 3 – Impact Climate Change Assessment Report