

BRISTOL CITY COUNCIL

HR Committee

6 September 2012

Report of: Will Godfrey, Strategic Director for Corporate Services

Title: Market Supplements for Technical and Programme/Project Posts

Ward: N/A

Officer Presenting Report: Paul Arrigoni, Service Director for Business Change and ICT

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RECOMMENDATION

The Committee is asked to note that:

- (1) the Council is running a large number of significant programmes and projects requiring a mix of highly specialist skills over fixed periods of time of up to 18 months. A mix of up to 20 specialist posts are anticipated to be required over the next year.
- (2) Business Change and ICT have made significant progress in resourcing projects through investing in our own staff and recruiting on a fixed term basis to avoid utilising day rate consultants. The aim is to only source consultants for high end specialist skills for short periods where this is critical to the delivery of a programme or project and without these skills the delivery of benefits would be put at risk.
- (3) the going rate for consultants is c£450 per day upwards and agencies apply fees which vary from 10% of basic rate upwards.
- (4) the Council pays significantly less than the market in certain critical skill areas and consequentially, in some cases has been unable to attract candidates for key fixed term roles required to successfully deliver Programmes and Projects.

(5) delegated authority is requested for the Service Directors of HR and Business Change & ICT to approve market supplements for up to 20% on a range of specialist/hard to fill fixed term posts within Business Change and ICT over the next 12 months. We can provide monitoring reports as appropriate to HRC.

Summary

This report provides information regarding:

- efforts to maximise the development of staff Council wide
- recent recruitment campaigns which have been unsuccessful
- market research which supports our view that we will have future problems sourcing suitably qualified and experienced candidates to support significant change programmes that are delivering performance improvement and efficiencies.

The significant issues in the report are:

The need to quickly attract and retain suitably experienced and qualified staff on a fixed term basis to support future programmes and avoid high consultancy costs.

The posts will be on a short term basis and pay rates will be reviewed in accordance with the market.

1. Policy

- 1.1 The payment of market supplements is provided for by the Pay Policy, Section 5.5 'Hard to Fill Posts - Market Supplements' (Appendix A)
- 1.2 Our Job Evaluation Scheme provides a framework within which roles are evaluated.

2. Consultation

2.1 Internal

- Recruiting Managers in Business Change & ICT
- Recruitment & Selection Team
- Workforce Strategy Manager (with a brief for pay and reward)
- Service Director for HR
- HR Business Partner
- Job Evaluation Team
- Trade Unions
- Corporate Services Directorate Joint Consultative Committee (on 3.9.12 outcome to be reported verbally at this meeting)

2.2 External

- TMP Advertising Agency who provide specialist sourcing services to BCC
- Croner for Market Research on Pay

3. Context

- 3.1 The 'Fit for the Future' ICT Change Programme was implemented in 2011 and was subsequently merged with the Programme and Projects Team. The two departments were integrated forming Business Change & ICT, designed to meet both the programme and project requirements of the organisation and the technical/specialist needs. BCC is undergoing major change and requires significant on-going support to deliver programmes/projects so that the organisation can improve performance, service delivery and realise efficiencies.
- 3.2 Currently we face key challenges in the future recruitment of a range of key roles such as Programme and Project Managers, Technical Project Specialists, ICT Technical Specialists and Business Analysts. Evidence and examples are provided in Appendix B.

4. Proposal

- 4.1 To enable Business Change & ICT to respond appropriately to specialist resource requirements and reduce expenditure and dependency on Consultant/Agency resources, we are requesting that HR Committee give discretion to the Service Directors of HR and Business Change & ICT to review forthcoming fixed term vacancies and, where appropriate, advertise roles with a salary range based on the existing grade and a market supplement of up to 20%.
- 4.2 Market supplements will only apply to posts which are 'one off specialist roles' for a fixed period to meet short term demand, pending development of internal resources.
- 4.3 All the affected job families sit within Business Change & ICT which enables the Service Director to consider the impact on existing resources and respond appropriately.
- 4.4 Business Change & ICT will continue to support and develop internal resources to meet future demand.
- 4.5 We are happy to continue providing monitoring information to the Committee as and when applicable.

5. Other Options Considered

- 5.1 If we maintain the status quo, we will expend effort and lose time trying to attract candidates for roles where we know we are unable to compete or we will be more heavily dependant on contractors.

6. Risk Assessment

- 6.1 Without the market supplement we are unable to compete in an external market.
- 6.2 Failure to compete means that we will be unable to recruit and we will have to resort to more expensive consultants/agency staff if we are to maintain the pace of delivery of key programmes, which is not cost effective for the Council.
- 6.3 We have objective business reasons to apply this supplement as a defence against any equal pay claims.

7. Public Sector Equality Duties

- 7a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to -
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to

participate in public life or in any other activity in which participation by such persons is disproportionately low.

- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

7b) Please see attached Equality Impact Assessment.

Legal and Resource Implications

Legal

The proposal contained within this Report is in accordance with the Council's Pay Policy. The reasons provided for payment of the market supplement are likely to be a defence to any claim for equal pay. A market supplement can be lawful under the Equal Pay Act 1970 subject to evidence of a material reason for the post attracting a higher rate of pay than other posts which are graded similarly. A regular review of the evidence and the payment must be made to decide whether it is still justified and when or if it is no longer justified, it should no longer be paid.

(Legal advice provided by Husinara Jones, Senior Practitioner Solicitor for Head of Legal Services)

Financial

(a) Revenue

The costs of consultants are charged to projects with funding being included in the business cases. The proposal will result in reduced charges to projects as costs will be lower than external consultants.

(Financial advice provided by Steve Skinner, Finance Business Partner)

(b) Capital

N/A

Land

N/A

Personnel

Extensive consultation in the production of this report

(Personnel advice provided by Rachel Falla, HR Business Partner)

Appendices:

Appendix A - Extract from Pay Policy on Market Supplements

Appendix B - Evidence regarding market research on pay and hard to fill posts

Appendix C - Equalities Impact Assessment

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**Background Papers:**

None

Extract from Pay Policy regarding Market Supplements

5.5 Hard to Fill Posts – market supplements

Before implementing the following scheme HR advice must be sought.

Where it is difficult to fill a vacancy because the evaluated grade for a post may not attract any suitably qualified and experienced/skilled candidates, the Service Director will consider:

- Other ways of filling the vacancy (e.g. secondment, acting up etc)
- Restructuring the section or team
- Redesigning the duties & responsibilities of the post;
- Re-appraising the realism of the job specification;
- The introduction of a career grade or trainee position, which will allow the appointment of a candidate with lesser skills and enable them to develop in the post.

If these measures will not resolve the recruitment problem, in that the salary range is unlikely to attract a suitably qualified & experienced person(s), the Service Director can seek approval for the award of a market supplement up to the maximum of 15% above the top of the current grade.

The following criteria must be met before a market supplement can be awarded:

- i) Where from available job advertisement information it is considered that the pay for a post is unlikely to attract candidates of sufficient calibre, experience and qualifications it would be appropriate to apply market forces supplements which in pay terms are validated by an independent, accredited pay research organisation.
- ii) The Service Director and/or the recruitment adviser acting for the Council regarding appointments at senior management level will have explored and (where relevant) implemented other structure, career grade, and job design/evaluation alternatives, which may result in improvements in the pay/grade of the 'hard to fill' post concerned,
- iii) A "risk assessment" will have been carried out to ensure that the above criteria have been objectively applied and are not based upon gender, race, disability, age etc.
- iv) Have obtained legal views that any change in pay can be justified in terms of a genuine material defence

The market supplement:

- Will not change the grade of the post
- Must be reviewed periodically (at least every three years). The level of the market supplement may be revised up or down as a result of any such review. The market supplement may also be discontinued as a result of the review.
- Must cease if it is no longer difficult to recruit for the same type of job.

Note that the criteria, which must be met before a market supplement can be awarded, must also be met when the market supplement is reviewed for an existing employee if the market supplement is to continue after the date of the review.

- Will be pensionable
- Pay protection will not apply when the supplement is removed.

Authority to award, revise or discontinue market supplements:

- HR Committee for 1st & 2nd tier posts
- A Selection Committee and the “Head of Paid Service”, for 1st or 2nd tier posts, upon the advice of a recruitment adviser acting for the Council regarding appointments at senior management level (Such decisions will be reported to the HR Committee thereafter, for ongoing monitoring and review”).
- Head of Paid Service & Service Director: Strategic HR and Workforce Strategy or all posts at 3rd tier level and below

1. Programme & Project Managers

In the Programmes and Project Team within Business Change we have recently exhausted the internal supply of Programme and Project Managers through internal advertisements. We have also established a virtual pool to ensure that this group of staff are:

- supported with continuous development and;
- given appropriate opportunities to develop their skills and experience
- utilised effectively through forward resource planning

2. ICT

ICT are in the process of setting up a number of Competency Centres but are encountering the following issues in relation to attracting candidates to Technical Project Specialists and Technical Specialists:

SITO Business Intelligence currently BG12 (£31,754 to £34,549)

There is currently one permanent employee and three contractors performing these roles in what is a skill shortage area in the ICT marketplace. Day rates for the contractors vary between £450 and £550 depending on skills and experience. We ran two advertising campaigns late last year and early this year. We had no more than 3 applicants for each campaign. None of the applicants were appointable. We commissioned a market comparison report in June which reported a lower quartile salary of £39k+9% bonus and a median salary of £46k+9% bonus. Benefits packages included company cars and private health insurance. Both TMP and Randstadt told us our salary was too low and we could not reasonably compete in the market.

A pay supplement of 20% would take this salary bracket to £41,459 which which would be more competitive but still at the lower end of the range.

SITO Test Manager currently BG12 (£31,754 to £34,549)

We ran two campaigns for this role. A BCC advert and we subsequently went to Randstadt for assistance in sourcing candidates.

We currently have two postholders for this post. One was an internal appointment. The other is a fixed term contract where the postholder is an experienced Test Manager with a home in Bristol who decided for personal reasons that they wanted a stable role in Bristol for a year rather than a contractors life. They were the only applicants to meet the minimum criteria from a group of half a dozen applicants for the role. The test manager role was included in the market comparison report described above. In this case the lower quartile salary was £38k+9% bonus and the median salary was £44k+9% bonus.

A pay supplement of 20% would take this salary bracket to £41,459 which would be a more competitive salary, but still at the lower end of the range.

PITO Technical (Domain Expert) Roles BG13 £35,430 to £38,042

The ICT organisation currently has three domain expert roles. These roles are senior technical roles. One possible option to address the problem is to define the above two roles as domain expert roles. The same market comparison report demonstrated that comparable domain expert roles received a lower quartile salary of 40k+9% bonus and a median salary of £47k+9% bonus.

A pay supplement of 20% would take the salary range to £45,650 per annum.

3. Business Analysts

We have forecast the need for up to an additional 5 Business Analysts/Senior Business Analysts and 2 Solution Architects to support the change portfolio over the next year.

- Current day rates for Business Analyst/Senior Business Analyst contractors is around £450, for Solution Architects the daily rate is around £600.
- We are experiencing difficulty in recruiting the right quality of staff
- It has resulted in delays to key programmes and dissatisfaction from customers.

Market Research undertaken by the Team Manager has provided the following information:

a) Business Analyst (BG10; £25,472 - 28,636)

Reasons: The market rate for Business Analysts in this area in the last three months was £40,000 (Source: itjobswatch.co.uk - based on a total of 198 jobs advertised in the South West in the three months to 10/08/12).

b) Senior Business Analyst (BG12; £31,754 - £34,549)

Reasons: The market rate for Senior Business Analysts in this area in the last three months was £45,000 (Source: itjobswatch.co.uk - based on a total of 13 jobs advertised in the South West in the three months to 10/08/12).

c) Solution Architect (BG13; £35,430 - £38,042)

Reasons: The market rate for Solution Architects in this area in the last three months was £60,000 (Source: itjobswatch.co.uk - based on a total of 74 jobs advertised in the South West in the three months to 10/08/12).

A pay supplement of 20% will provide some scope to close this gap and offer a greater chance of recruiting on a fixed term basis into these key roles.

Name of policy, project, service, contract, review or strategy being assessed (from now on called 'the proposal')

Directorate and Service: Corporate Services

Lead officer (author of the proposal): Rachel Falla

Additional people completing the form (including job title):

Start date for EqIA: 22.8.12

Estimated completion date: 6.9.12 (HR Committee)

Step 1 – Use the following checklist to consider whether the proposal requires an EqIA			
<p>1. What is the purpose of the proposal? <i>Please summarise what is planned.</i></p> <p>To reduce dependency on Consultant and Agency resources by paying a market supplement of up to 20% to attract candidates for a fixed period on a fixed term contract.</p> <p>Market supplements would only be applied to posts where there is a short term requirement for a competency which is not available within the organisation OR where we require support for a period of time whilst we develop/train in-house competency.</p> <p>We do not intend recruiting to any post permanently and applying a market supplement.</p>			
	High	Medium	Low
<p>2. Could this be relevant to our public sector equality duty to:</p> <ul style="list-style-type: none"> a) Promote equality of opportunity b) Eliminate discrimination c) Promote good relations between different equalities communities? 			<p>X</p> <p>X</p> <p>X</p>
<p>2. If you have answered 'low relevance' to question 2, please describe your reasons</p>			
<p>The application of market supplements enables the council to reduce dependency on consultants/agency staff which is in the best interests of the organisation and the tax paying public.</p>			

The 1970 Equal Pay Act makes it unlawful for employers to discriminate between men and women in terms of their pay and conditions where they are doing either:

- the same or similar work
- work rated as equivalent in a job evaluation study by the employer
- work of equal value.

There is a strong business case for applying a market supplement, which defends us against an equal pay claim. The case is:

- supported by evidence that we are failing to attract candidates for key posts
- that we will apply them to one off key specialist skills which do not exist in-house and for which there is no on-going future requirement for the role
- that these fixed term contracts will also enable us to develop in-house capability for delivery in the future
- there are a mixture of both men and women employed
- we will monitor and report to HR Committee on the application of any market pay supplements.

Finally, our public sector equality duty would also be relevant to the recruitment process we apply.

3. Could the proposal have a positive effect on equalities communities?

Please describe your initial thoughts as to the proposal's positive impact

The application of a market supplement should help us attract a reasonable field of candidates and we hope from a range of equalities communities.

In addition, due to it's fixed term nature, should the market pay rates decrease we can remove or reduce the market supplement as appropriate.

4. Could the proposal have a negative effect on equalities communities?

Please describe your initial thoughts as to the proposal's negative impact

Existing staff may be demoralised by the application of a market supplement to a post they are currently fulfilling, albeit on a temporary basis.

We have evidence of failed recruitment campaigns and market pay rates which demonstrates that we are failing to attract candidates as our pay rates are too low.

By way of mitigation:

Management will ensure that the workforce are engaged and understand the rationale.

Any advertisements placed will explicitly state the fixed term nature of the

role and the reason for the market supplement.

Over time staff should see the development of in house capability and a reduction in the use of Consultants.

If the proposal has low relevance and you do not anticipate it will have a negative impact, please sign off now. Otherwise proceed to complete the full equalities impact assessment

Service director.....Equalities officer

Date