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To: Personnel Committee Date: 12 May 2010

Subject: Discretionary Payments

Classification: **Unrestricted**

SUMMARY: Personnel Committee has previously agreed the introduction of policies whereby the Authority has discretion over the level of payments made. This report updates Personnel Committee on the use of this policy over the last financial year, rather than historical arrangements.

1. Market Premium Payments

- 1.1. The Market Premium Policy provides KCC with greater flexibility where there are areas of particular difficulty in attracting and retaining staff. For recruitment purposes, payments made under this policy apply to posts which have been previously advertised without successful appointment, and for retention, payments will only be made in exceptional circumstances where difficulties in retaining staff will cause skills shortages that will prevent effective business operations.
- 1.2. The Market Premium Policy was introduced in 2007 to enable managers to make payments in 3 areas:
 - Secure acceptance by an applicant to conclude a recruitment process.
 - Provide a mechanism to pay a supplement where the particular grade for a job does not compete with the wider market remuneration
 - Give managers the ability to retain staff when a period of business continuity or critical delivery is paramount by way of a deferred lump sum
- 1.3. Payments are in addition to the individual's basic salary and are subject to normal income deductions with the Market Pay Premium being pensionable. The agreement of the relevant Director in consultation with the appropriate Personnel Manager is needed to authorise a payment.
- 1.4. The number of new requests in the last year has been very low, which is likely to be a reflection of the current economic climate. However, requests have been made and approval given for:-

CFE Manager- Finance (renewal of their payment based on market pay – due to expire Dec 2011)

CFE Team leader for the Unaccompanied Asylum Seeking Children Team (retention payment – expired December 2009).

Payments have also been reviewed and maintained for;
Head of Financial Management
Head of Financial Services
Head of PFI/PPP

- 1.5. As well as these specific posts, additional payments are still required to recruit newly qualified children's Social Workers, something that remains a national challenge. There were 73 recruited during the financial year 2009-10 receiving an average payment of £4,500 (total cost £330,200).
- 1.6. Prior to the implementation of the agreed policy some market supplement arrangements had already been established, some of which are still operable. Notably this includes the (13) Early Years Advisory Teachers in CFE.
- 1.7. The policy is intended to be used only in exceptional circumstances and the current level of use indicates that this continues to be the case in practice. Opinions from those in directorates, who have used the policy, indicate that it gives a valued and flexible provision which can resolve specific issues effectively.

2. Conclusion

- 2.1. Personnel Committee is invited to note the usage rate and endorse the continued use of this policy.

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