

**By:** Gary Cooke – Cabinet Member for Corporate & Democratic Services  
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**To:** Personnel Committee

**Date:** 6 June 2013

**Subject:** Discretionary Payments

**Classification:** **Unrestricted**

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**Summary:** For information. Personnel Committee has previously agreed the introduction of policies which allow the Authority discretion over the level of payments made. This annual report, which was requested by the Personnel Committee, indicates how the payments have been applied in practice.

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## **1. Market Premium Payments**

- 1.1 The Market Premium Policy gives more flexibility where there are areas of particular difficulty to attract and retain 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 Specifically, the Market Premium Policy was introduced to enable KCC 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 These payments will be in addition to the individual's normal salary and will be subject to the normal income deductions and the Market Pay Premium is pensionable. The agreement of the relevant Director in consultation with the appropriate HR Manager is needed.
- 1.4 The policy is intended to be used only in exceptional circumstances and indeed the summary of requests since its introduction shows this has been the case:-

| <b>Directorate</b> | <b>Roles</b>   | <b>Amount (£)</b>   |
|--------------------|--|---|
| BSS                | Audit Manager<br>Head of Financial Services<br>Head of Procurement<br>ICT  | 7,000<br>3,151<br>20,000<br>Special Skills<br>supplement  |
| CC                 | Sports and Physical Activity Service Manager<br>Director of Communication & Engagement   | 5,862<br>7,300  |
| EE                 | Director Highways and Transportation<br>Head of Highway Operations   | 6,000<br>6,554  |
| ELS                | Director of Education Quality and Standards<br>Corporate Director - Education, Learning and Skills   | 7,009<br>7,070  |
| FSC                | Specialist Children's Services (SCS) staff<br>Recruitment/Retention payments.<br>Senior Practitioners/Social Workers<br>Newly Qualified Social Workers<br><br>SCS staff Travel Allowance Market Premium<br>SCS staff for use of Extended Lease Car scheme<br><br>Assistant Director - Specialist Children's Services (SCS)<br>Director SCS<br>Assistant Director – SCS<br>Assistant Director - SCS | 2,000/3,000 per annum<br>2,000 one-off payment<br><br>410<br>1,460<br><br>4,860<br>14,100<br>21,860<br>36,860 |

- 1.5 Initially there was concern that the policy could be used in a way which allowed too many payments to be made or would be used in an inappropriate manner, however this has not proven to be the case in practice. Opinions from directorate representatives who have used the policy, indicate that it gives a valued and flexible provision which can resolve specific issues effectively. This is particularly evidenced by the use made by FSC.
- 1.6 The Terms and Conditions Review considered by the Personnel Committee on 18 January 2013 recommended taking a broader market premium based approach to give even greater consistency to the payment of enhancements.

## **2. Enhancement to pension payments**

- 2.1 The Local Government Pension Scheme (LGPS) requires the Authority to have a written policy for the discretionary enhancement of pension provisions. In the past this has been significant in terms of added years and early release of benefits. There has been no 'added years' in LGPS regulations since 2008, rather 'additional pension' or 'additional pension scheme membership' may be awarded. This provision has not been used in recent years. Although KCC maintains its discretionary ability within LGPS regulations to award early release of pension benefits, there are only two cases, one in 2011 and one in 2012. Both were granted on compassionate grounds.
- 2.2 Given the size of the organisation, these figures indicate that KCC is not currently spending a significant amount of money through the use of the enhancement discretions available and demonstrates that the principle of only making payments on an exceptional basis is being adhered to.

## **3. Recommendation**

- 3.1 Personnel Committee is invited to comment on the figures and suggest any improvements for subsequent reporting.

**Background Documents:** none

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