

**Manchester City Council  
Report for Information**

**Report to:** Personnel Committee – 31 May 2023  
**Subject:** Market Rate Supplement Report  
**Report of:** Director of HR, OD and Transformation

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**Summary**

This report provides a summary of Market Rate Supplements currently in place in the Council. Under the Market Rate Supplement policy, reports are due to be provided on a twice-yearly basis to the Personnel Committee. It is proposed to provide an updated report every 6 months to the Committee.

**Recommendations**

The Committee is requested to note the Market Rate Supplements currently in place in the Council as detailed in the report.

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**Wards Affected:** All

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

This report covers how we attract and retain staff in hard-to-fill roles where other organisations' salary offer exceeds the Council's pay structure. Offering a competitive salary in this market is an important component of attracting and retaining staff, all of whom are engaged and essential to achieving this target.

| <b>Our Manchester Strategy outcomes</b>   | <b>Summary of how this report aligns to the OMS</b>   |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | The Council is a major employer in the City and Market Rate Supplements seek to balance the need for the competitive remuneration of employees in hard-to-fill roles or business-critical roles, both existing and prospective, to attract and retain the skills needed to deliver the organisational and the City's objectives (Our Manchester) and the cost of this to the communities it serves. Market Rate Supplements are reviewed periodically to ensure they remain necessary, fair and value |
| A highly skilled city: world class and home grown talent sustaining the city's economic success                   |   |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities    |   |

|   |            |
|---|------------|
| A liveable and low carbon city: a destination of choice to live, visit, work  | for money. |
| A connected city: world class infrastructure and connectivity to drive growth |            |

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Market Rate Supplement Policy

## 1.0 Introduction

- 1.1 The Council has a formal policy on the use of Market Rate Supplements (MRS) and any decisions are taken in line with that policy.
- 1.2 A Market Rate Supplement is a time limited additional payment to the basic salary of a role that has been subject to job evaluation. Payments are entirely discretionary and limited to a restricted number of jobs and are agreed on an exceptional basis where there is clear evidence that the position of the role on the new pay structure is, in monetary terms, significantly lower than the market rate *and* there are recruitment *and/or* retention difficulties.
- 1.3 There are two types of Market Rate Supplements:

**A Market Rate Recruitment Supplement** is a temporary payment applied to a post by enhancing the salary, bringing the overall reward up to the market rate.

**A Market Rate Retention Supplement** is a temporary payment made to retain an individual in a business-critical role over and above their basic salary in order to retain their services, bringing their total reward package up to a competitive Market Rate.

- 1.4 Market Rate Supplements are determined by the relevant Strategic Director in conjunction with the Director of HROD&T and must be justified with reference to clear supporting evidence. Consideration must also be given to alternative solutions. MRS are ultimately approved by the Director of HROD&T following consideration of the evidence provided.
- 1.5 Reports are provided to the relevant Strategic Directors on a monthly basis three months prior to the end date of the MRS so that the MRS can be reviewed in a timely manner. The review results in either a decision to end the MRS in line with the original end date or for it to be extended for an additional 12-month period. Any proposed extensions require a further full market analysis exercise to ensure there is a high degree of rigour applied to the process and must be approved by the Director of HROD&T. In the event that there is evidence that the market dictates ongoing payment of the supplement is necessary, this must be reviewed every 12 months.

## 2.0 Current details

- 2.1 As of 1<sup>st</sup> March 2023, there are a total 217 of MRS attached to 38 different roles in the Council within the following directorates:

| Directorate       | Number of individuals receiving a MRS | Number of discrete roles carried out by those individuals receiving a MRS |
|-------------------|---------------------------------------|---|
| Children Services | 167                                   | 15  |
| Chief Executives  | 20                                    | 5   |
| Corporate Core    | 12                                    | 7   |

|                      |    |    |
|----------------------|----|----|
| Neighbourhoods       | 1  | 1  |
| Growth & Development | 17 | 10 |
| Adult Services       | 0  | 0  |

2.2 No analysis by gender, ethnicity or any other protected characteristic has been undertaken because the MRS relates to posts rather than individual postholders.

### **3.0 Rationale for use of Market Rate Supplements**

#### 3.1 Children Services

- 97% due to recruitment challenges and competitive job market primarily in terms of those roles where Registered Social Worker qualification is required and where there is a national shortage of skills/ hard to recruit
- 3% due to the need to retain existing skills and experience in a competitive job market

#### 3.2 Chief Executives

- All based on retention of existing skills and experience in a competitive job market, service redesign is underway that is expected to remove the need for the MRS (Legal Services)

#### 3.3 Corporate Core

- 33% due to retention of skills & experience / competitive market
- 67% based on retention of existing skills and experience in a competitive job market, service redesign is underway that is expected to remove the need for the MRS

#### 3.4 Neighbourhoods

- The single MRS in place is based on retention of existing skills and experience in a competitive market

#### 3.5 Growth & Development

- All based on retention of existing skills and experience in a competitive job market.
- 65% will be subject to a service redesign that is expected to remove the need for the MRS (Building Control)

### **4.0 Comments from Trade Unions**

4.1 We understand from time to time the City Council may need to use MRS to retain or encourage potential employees applying for our roles. We also understand that some of the issues around Market Rate Supplements are linked to national pay constraints and funding over which the Council has limited control.

- 4.2 There are, however, long-established skill shortages and recruitment and retention issues across the Council which could be addressed at a GM level through strategic workforce planning. Wider co-operation with other employers locally would be beneficial to achieve greater transparency around the market data and internal data being used in justifying the use of Market Rate Supplements.
- 4.3 The Council could also look across the employment market where we have difficulty to retain/recruit staff and consider applying a competitive permanent grade to roles. The Trade Unions would welcome further opportunities to work with MCC on such initiatives as a stable well trained, happy workforce provides excellent services to residents.”

## **5.0 Recommendation**

- 5.1 Personnel Committee are requested to note the Market Rate Supplements currently in place in the Council.