

<b>Subject:</b>	<b>Review of Market Supplement to be paid to designated social work posts in Children's Social Work Services</b>		
<b>Date of Meeting:</b>	<b>2<sup>nd</sup> December 2021</b>		
<b>Report of:</b>	<b>Executive Director - Families, Children &amp; Learning</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Anna Gianfrancesco – Assistant Director</b>	<b>Tel: 01273 295034</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to seek approval from Committee on agreement for a revised market supplement for social workers in children's services.
- 1.2 The current market supplement expires on 31<sup>st</sup> March 2022 having been reviewed earlier this year, however there have been significant developments in the local market with East Sussex and West Sussex County Councils implementing substantial increases to pay for children's social workers via market supplements.
- 1.3 The ongoing drivers for the market supplement are:
  - Substantial difficulty recruiting to social worker and senior social worker posts in the past
  - Evidence that our rates of pay for social workers are significantly below the average for the region and now substantially below our two nearest neighbours with whom we compete for social workers.
  - High level of cost of agency staff to cover established vacancies.
  - The national shortage of children's social workers and the knowledge that we will have a significant problem recruiting and retaining social workers if we do not respond to these changes, which would lead to the need to use expensive agency staff to complete statutory child protection work
  - The need to support our model of social work which had led to a reduction in the number of families we support and the elimination of the use of agency social workers
- 1.4 The body of this report sets out the evidence that supports this case as well as the financial and budgetary context.

- 1.5 The Council's Officer Compensation Panel usually approves such business cases in accordance with the Council's Market Supplement Policy. However, this decision will create a material in year financial pressure so requires the approval of the Committee.

## **2. RECOMMENDATIONS:**

- 2.1 That the Committee approve a new market supplement regime for social workers in children's services, as summarised below and set out in the report at paragraphs 3.1 to 3.22, to be implemented and backdated to 1 November 2021.
- A market supplement of 12.5% on basic salary for all newly qualified (SO1/2) and main grade (M11) Social Workers and all Senior Social Workers (M10) within the eligibility scope defined below
  - The definition for eligibility for the social worker market supplement will be all the above posts in children's social work services that are involved in social work with families
  - The market supplement for Practice Managers in the Front Door for Families is replaced with a new market supplement of 6.25% of basic salaries and this is also extended to other M9 posts in children's social work services that are social work posts involved in social work with families
  - These figures are percentages of basic salary and so will be pro rata for part-time staff.

## **3. CONTEXT/ BACKGROUND INFORMATION**

### **Market Supplement Policy**

- 3.1 The market supplement policy forms part of a remuneration package for posts where it is difficult to recruit and retain staff. The payment is not contractual and is subject to an annual review of a business case demonstrating the evidence base to justify the ongoing payment of a supplement, by the Council's Compensation Panel.

### **Market Data and Pay Rates at Brighton & Hove**

- 3.2 The current basic salary range for Social Workers at BHCC:

ASYE (first year after qualifying) SO1/2 spinal point 25 £29,577  
Qualified Social Worker M11 £32,910 - £35,745  
Senior Social Worker M10 £36,922 – £39,880  
Practice Manager (Lead/Advanced Practitioner) M9 £40,876 - £43,857

- 3.3 Over the summer this year both East Sussex and West Sussex County Council's made substantial changes to their pay for children's social workers.
- 3.4 West Sussex first increased its pay by implementing a new framework where all children's social worker roles up to, and including, management level would receive a market supplement of 12.5% of basic salary.

- 3.5 This was then followed by East Sussex who subsequently decided to apply a market supplement of 10% of all children's social workers, including managers – East Sussex have a different, and higher, basic pay scale for social workers, senior social workers and managers.
- 3.6 When the existing market supplement was established it was set to bring our pay rates in line with those of ESCC as our nearest neighbour. This meant that our pay levels were below the regional average but have been sufficient to tackle the problems we previously faced in recruitment and retention. However, our pay levels are now substantially below our two nearest neighbours.
- 3.7 The current market supplement rates are £2,867 for social workers and £3,260 for senior social workers in the generic children's pods and the children's pods in the Specialist Community Disability Service. The tables in **Appendix 1** show the comparisons of pay for newly qualified social workers, main grade Social Workers, Senior Social Workers and the comparable roles to our Practice Managers and Lead/Advanced Practitioners. The two right hand columns demonstrate the differentials that now exist between BHCC and our neighbours, including the existing BHCC market supplement, and BHCC are substantially below East and West Sussex. For Surrey the difference in pay is less marked, however they have a retention payment scheme where lump sums are made at three intervals at 6,12, and 18 months service each with a tie in period and these lump sums total £6,000. It is, therefore, recommended that we increase the market supplement for social workers and senior social workers to 12.5% of their basic annual salary.
- 3.8 It should be noted that the tables take into account our current market supplement but this does not currently apply to all teams within our children's social work service, for example teams within our Fostering, Placements and Permanence service, and in these cases the gap between BHCC pay and our neighbours is even greater than that shown in **Appendix 1**.

### **Turnover**

- 3.9 While the current turnover data does not indicate any significant issues, our turnover rates for social work teams are around the national average, this should be read in the context of our neighbouring Local Authorities not having increased their pay at the time covered by our most recent data and the current market supplement being in place for most teams. This appear to be beginning to change and social workers have recently resigned citing pay and the significant differentials with our neighbouring authorities as contributing factors.

### **Recruitment Data**

- 3.10 The recruitment data indicates that the mainstream social work areas that have had the market supplements for a number years are only able to achieve relatively stable teams by ongoing rolling recruitment of social workers and a significant reliance on the large cohort of newly qualified social workers recruited each year. We directly compete with East Sussex for newly qualified social worker recruitment and this would be very much harder next year due to the changes in market pay, as we would be paying over £5,000 less for newly-

qualified social workers than East Sussex unless we introduce a market supplement for newly-qualified social workers.

- 3.11 Despite the posts being eligible for the current market supplement, the Specialist Community Disability Service has recently had a number of unsuccessful attempts at recruiting to social worker and senior social worker posts in their pods that undertake children's social work.
- 3.12 In the specialist social work teams, which do not currently receive the market supplement, there is evidence that numbers of applications are low or very low and that the conversion rate of applications to interviews suggests the quality of applications is not strong. For example, in the fostering service both a social worker post and a senior social worker post took two attempts at advertising as the first attempts received zero and one applicant respectively. The Kinship Care Team advertised three times before recruiting a permanent social worker and failed in two attempts to recruit a temporary social worker. The Adoption Team, which is now part of Adoption South East along with East Sussex, West Sussex and Surrey, attempted a recruitment earlier this year and had only three applicants, one fell below the shortlisting standard and the other two withdrew when they learnt of the pay differential with the same or similar roles in the partner authorities. The experience of the Adoption Team, as well as that of the Specialist Community Disability Service, illustrates the likely impact across Children's Social Work Services of not addressing the current issues with social worker pay.

### **Agency Usage**

- 3.13 Current agency usage is zero due to the successful implementation of the market supplement, the social work model of practice, and social work recruitment strategy. We also only carry a small number of vacancies at any one time due to the rolling recruitment and recruiting a large cohort of newly qualified social worker each year. Overall, English local authorities have an average agency rate of 16% and a vacancy rate of 15.8% in Children's Social Work. However, it is believed that our vacancy rate is likely to increase with the substantial increases in pay of our neighbours which would increase our costs and negatively impact the stability and quality of the workforce and our model of practice, which has been fundamental in achieving major cultural change in the service and our ability to bring our spend on child placements down. Prior to the introduction of the model of social work in 2015, social work teams employed a significant number of agency staff (approximately 20% in children's social work teams in 2015) and this incurred significant cost (around £1.6m a year at pay rates at that time).

### **Service Eligibility for the Market Supplement**

- 3.14 Historically the existing market supplement has been implemented specifically in the areas of children's social work where there were demonstrable recruitment and/or retention difficulties.
- 3.15 The areas that employ children's social workers that have been out of scope of the market supplement are the areas that historically were not experiencing

difficulties in recruitment and movement of staff into these areas from the areas which receive the supplement has reduced significantly.

- 3.16 East and West Sussex will be paying the market supplement to all children's social workers, senior social workers and managers irrespective of their team.
- 3.17 We introduced the 'Team Around the Relationship', our model of social care, which has been successful in reducing the number of families we work with and eradicating the use of agency social workers, 6 years ago. This model does not rely on one social worker, or one team, being responsible for a child but a collaborative approach between social workers and teams so that collective responsibility is taken and workers across the system provide direct support to families.
- 3.18 The gap in pay between our staff in the areas without the market supplement and equivalent roles within our neighbouring authorities, where all child social workers, including managers, are receiving their new market supplements, is very substantial. For example, the disparity at the top of the scale for social workers and senior social workers in fostering and adoption services is now £5,556 and £7,736 respectively when compared to ESCC and is even greater for M9 roles.
- 3.19 There are also hierarchical challenges with the use of market supplements which if we increase the market supplements paid to social workers and senior social workers, at M11 and M10 respectively, means that social workers in M9 roles (Practice Managers, Advanced Practitioners, Lead Practitioners) will be paid less than senior social workers (M10s) (or in the case of Practice Managers only slightly more due to the historic £1800 market supplement). This is not logical, and some M9s may be supervising M10s who are paid more than them, which will mean we will have difficulties recruiting into M9 posts. It is an important part of our model of social work that there should be a clear career development pathway and part of this is that Lead Practitioner and Advanced Practitioner posts should provide promotion opportunities for senior social workers who do not want to go directly into management. This would be undermined if M10s were paid more than M9s. These roles at M9 level also play a crucial role in making a difference for families. Lead Practitioners provide specialist support and interventions for families. The Lead Practitioners work alongside social workers providing specialist direct work with families. Therefore, playing a crucial role in creating positive change for families and through this specialist intervention reducing the need for costly expert assessments in court, as they provide both the expert intervention and reports.
- 3.20 In recognition of this we recommend a market supplement at a lower rate of 6.25% of basic salary which would mean people at the top of M9 would earn more than M10s and would reduce, but not close, the gap to what our neighbouring Local Authorities pay. This would allow us to retain a gap to the pay that Pod Managers (M7) earn - £49,765 - £54,566.
- 3.21 Staff and unions are now aware of these changes in our neighbouring authorities and are raising the issue with managers concerned about the disparity and wanting answers.

## **Compensation Panel**

- 3.22 The Council's Compensation Panel considers and approves business cases for market supplements in accordance with the Market Supplement Policy. The Panel comprises the Chief Finance Officer, Head of Legal Services and Head of HR & OD or their delegates. However, because of the material in year financial pressure that will be created by this particular case, it must be approved by the Committee. The Panel met on 3 November 2021 and recommends approval of this business case.

## **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The report sets out the rationale for applying this market supplement. There are a number of different options for the market supplement which could cost less than the proposals. However, it is considered that a less costly market supplement, or no market supplement, will create material risk that we will lose staff which will have a detrimental impact on the service and create additional costs in terms of agency staffing and social work placements as the effectiveness of the service will be undermined. The proposed market supplement will mean we match West Sussex rates of pay but will still be below East Sussex, at most points, and achieves a balance between the risk of losing staff and cost. The business case was referred to the officer compensation panel, which considered the business case to be made out and therefore recommend approval by Committee.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Trade Unions are consulted on the business cases for market supplements. Trade Unions do not object to this business case. Questions have been raised regarding the structure of this particular supplement as a percentage of basic salary which is unusual and these have been addressed.

## **6. CONCLUSION**

- 6.1 It is believed that the pay disparities now in place will have a negative impact on recruitment and retention across children's social work, including areas where we have not previously had difficulties and have not had to consider a market supplement. We are also aware that East Sussex, who have an 'Outstanding' Ofsted rating, are finding it increasingly difficult to recruit children's social workers including in the west of the county and are targeting Brighton & Hove with their recruitment campaigns.
- 6.2 It should be noted that, if these recommendations were accepted, social workers at some salary points would still be paid less than the equivalent roles in East Sussex and the extent of these recommendations has been limited based on a balance between affordability and the need to prevent significant issues with recruitment and retention in child social work roles. If action is not taken the issues highlighted in this paper will lead to the need for the use of expensive agency social workers to complete statutory safeguarding duties. We cannot wait for significant numbers of social workers to leave before deciding to take action. Social workers leaving will lead to the destabilisation of teams and

undermine our model of social work. Social work is the most highly regulated service in the Council and, if we lose our 'good' Ofsted rating and the attraction of the stability offered by our model of practice, we will struggle to recruit social workers and have to rely on the use of expensive agency workers. Analysis by Community Care identifies that the higher a service's Ofsted rating, the lower its agency worker, vacancy and sickness absence rates. We have seen the impact of high vacancy and agency rates and poor Ofsted ratings in one of our neighbouring authorities, West Sussex, over a number of years recently.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The introduction of the Market Supplement as set out in the report would have an estimated full year cost of £0.664m. This is the net cost above the current funding available for the existing market supplement of £0.331m making the full annual cost of the market supplement, as proposed, £0.995m
- 7.2 As mentioned in the report (para 3.14) prior to the introduction of the existing market supplement scheme and the new model of practice there had been extensive use of agency social workers. In the financial year 2015/16, immediately before the changes were made, the social work teams budgets were overspent by £1.380m, almost exclusively due to spend on agency social work.
- 7.3 Although market supplements are reviewed annually, unless there is a significant improvement in the supply of social workers nationally and locally, the market supplement is not likely to reduce in future years. The additional cost of £0.664m will therefore need to be treated as a permanent budget increase for the purposes of financial planning. The cost will therefore be included as a service pressure in the 2022/23 budget setting process and will increase the predicted budget gap, which is reported in the 'Draft General Fund Budget and Resources Update 2022/23' report. The supplement is proposed to be introduced from 1 November 2021 and will therefore also impact on the current year's budget. Although every effort will be made to mitigate this as far as possible, this is likely to result in an in-year overspend on Children's Social Work budgets within the Families, Children & Learning Directorate.

*Finance Officer Consulted: David Ellis*

*Date: 08/11/21*

### Legal Implications:

- 7.4 The definition of pay, which derives from European Law, is very broad and covers any payment which arises by reason of the employment relationship. A Market Supplement would be construed as pay for the purposes of equal pay legislation.
- 7.5 There is a sex equality clause implied into every contract of employment by virtue of section 66 Equality Act 2010. Therefore, if a woman carries out work which is (i) like work, (ii) work rated as equivalent or (iii) work of equal value to that of a man, she can bring a claim for damages if she is treated less favourably than a man in her terms and conditions of employment.

- 7.6 The sex equality clause does not operate if the employer shows that the difference in contractual terms is due to a material factor which is neither directly nor indirectly sex discriminatory. The burden is on the employer to prove that the material factor relied on is the real reason for the difference in pay, that it is significant, and that it is not related to sex. In this case, the market forces, skills shortages and the need to make payments to retain employees can be relied upon as material factors which supports the Market Supplement. The benchmarking data and evidence of pay practices at East and West Sussex provide important information to support the approach and will need to be kept under review.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 10/11/21*

Equalities Implications:

- 7.7 Equalities Impact Assessments were completed for both staff and families when the social work model of practice was implemented in 2015 and these are kept under review.

Sustainability Implications:

- 7.8 Not applicable

Brexit Implications:

- 7.9 Not applicable

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix 1 – Local Pay Benchmarking Data