



Section 21 – Recruitment and Retention Payment Policy

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Calderdale Council

Recruitment and Retention Payment Policy

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RECRUITMENT AND RETENTION PAYMENT POLICY

1. INTRODUCTION

The aim of this policy is to enable the Council to make market supplement payments and retention payments in a fair and managed way that ensures compliance with equal pay legislation.

It is recognised that pay is only one element of strategies to attract and retain staff. Other elements including reward, working environment, development, support, are the subject of other HR policies and organisational arrangements. There may be times, however, when there may be very significant challenges to recruit new employees or retain existing employees in key posts, which would present serious risks to the delivery of high profile, statutory, or regulated services and activities. To ensure the Council can recruit and maintain a stable, skilled, well performing and experienced workforce where there are known market shortages, the approaches within this policy can be considered in exceptional circumstances. The policy proposes two alternative approaches:

- A Market Supplement Payment - where there is clear evidence that the Council is paying below the market rate for a specific and crucial role, in a high profile, statutory or regulated function, and there is substantial evidence that it is therefore not able to attract a field of suitably skilled/qualified candidates.
- A Retention Payment – where there is clear evidence that without an intervention the Council cannot retain in the longer term suitably skilled and well performing staff in a high profile, statutory or regulated function.

Where an employee is in a post that is in receipt of a market supplement they cannot be considered for a retention payment at the same time and vice versa.

Chief Officers are subject to the Chief Officer Pay Policy where it is considered appropriate to apply the Recruitment and Retention policy for Chief Officer's approval will be sought through the appropriate Member decision making process.

Approval for awarding a market supplement or a retention payment is delegated to the Director for Communities and Service Support and Corporate Lead for HR as a 2 tier 'Approval Panel' and is subject to annual review in consultation with the relevant service area Director/Head of Service.

This policy does not form part of any employee's contract of employment and it may be amended by the Council at any time following consultation with recognised Trade Unions.

2. OBJECTIVES

To ensure the Council has a transparent and consistent policy to address severe labour market shortages to enable the recruitment and retention of employees in key posts, key services which otherwise would be almost impossible to fill and/or where retention may be of serious concern leading to significant risks that high profile, statutory or regulatory services may fail.

A) MARKET SUPPLEMENT SCHEME

A market supplement scheme may be considered in appropriate circumstances where the job evaluation process has been used to determine the appropriate grade for the job within the Calderdale scheme, however, despite best efforts of the evaluation process, the grade determined is significantly below the "going rate" evidenced in the market. Without intervention there is evidence that this will result in an inability to attract an effective field of suitable candidates from which an appointment may be made.

The Market Supplement Scheme will be paid on a monthly basis as an additional allowance to an individual or group of employees where it can be objectively justified. Given that market rates and market circumstances change the supplement is reviewed on an annual basis.

1. Principles

- 1.1 The market supplement will be paid as an allowance, which will be set in relation to comparative market data and paid as a fixed amount. The initial level of the allowance will be set by the Director for Communities and Service Support and Corporate Lead for HR as Approval Panel - in consultation with the relevant Director, following a clear business case for a market supplement having been established.
- 1.2 In accordance with the guidance and precedent of the Equal Pay Act, market supplements will be time limited and the continued need for the supplement be reviewed annually. Consequently, a market supplement can be withdrawn or increased/decreased should the review demonstrate that current evidence does not support the supplement continuing, or its continuation at the same level. Other than in exceptional circumstances market supplements will be applied for a maximum of twelve months at the outset. The postholder will be advised of the period of application of the market supplement before it commences.
- 1.3 This policy does not form part of an employee's contract of employment and may be amended following review. Any payments paid to employees shall be purely discretionary and shall not form part of an employee's contractual remuneration. If a payment is paid to an employee in respect of a particular year there shall be no obligation for the Council to make any subsequent payments in any subsequent year(s).
- 1.4 It is important therefore that the employee expectations of market supplements are realistic and before a market supplement is awarded to an employee or a group of employees they must agree to, and sign, an amendment to their contract of employment. Market supplement will be reviewed on an annual basis by updated business case submission to Corporate Lead for HR for agreement by the Approval Panel.

2. Measures/factors to consider prior to requesting a Market Supplement

- 2.1 It is easy to assume that pay is the problem where recruitment and retention difficulties arise when there may be other underlying causes. Other factors could be apparent such as the nature of the work, working conditions, prospects for advancement, team/management behaviour or training and development opportunities. These need to be considered before determining whether or not a market supplement is required.
- 2.2 The following measures/factors should also be considered:
 - The specific job is regarded as critical for the Council in the delivery of services and/or a statutory required service.
 - The potential resignation of a key individual is insufficient.
 - Market testing by advertising/attempting recruitment, benchmarking, market research.
 - Alternative ways of covering the work of the specific job have been considered eg remodelling the duties to deliver the service required.
 - The need for a market supplement should only arise infrequently rather than frequently, it should not be used to resolve short-term recruitment difficulties or individual grievances.

- Any market supplement must be objectively justifiable and based on sound principles (see objective evidence notes below).

3. The Business Case – Identifying Recruitment difficulties

- 3.1 If the pay of a particular job is to be supplemented to reflect market conditions it is necessary to demonstrate that there are ‘objectively justified grounds’ ie that recruitment and retention difficulties exist in relation to the job(s) concerned, resulting in actual or foreseeable organisational and/or operational problems. It is also necessary to demonstrate that these problems will be removed or lessened by the market supplement.
- 3.2 In making a business case for a market supplement, the following types of information would be useful in support of a market supplement application. Anecdotal evidence is not sufficient as all decisions regarding payment must be based on fact.

Turnover figures

- Turnover rate. These figures should identify a trend over a reasonable period of time eg at least two years.
- Number/percentage of staff who have left within a two year period.
- If possible, comparison of turnover figures with similar staff in other councils.

Exit Data

- Evidence from exit interview that salary was a major factor in staff leaving.

Recruitment Issues

- Evidence of unsuccessful attempts to fill the post(s) in question over a period of months, evidence of low attraction rates.
- If possible, comparable information from other councils.
- Evidence of assessment of candidates against the Person Specification minimum requirement at shortlist and interview stages.
- Any general trends identified in assessing candidates eg unqualified applicants for professional posts, candidates lacking relevant experience.

Market Data/Comparators

- Evidence that demonstrates more substantial remuneration packages are available for the specified post within the local, regional and national market place.
- Comparisons with the same or very similar jobs in other relevant organisations. For jobs largely exclusive to local government, comparisons should be with similar sized councils across West Yorkshire, plus neighbouring councils within a reasonable commuting area. For jobs covering wider sectors, comparisons may include other public sector organisations and, in some cases, relevant private sector companies.
- Benchmark comparisons must show “like for like” comparisons. Job titles are not a reliable basis for comparison as jobs with the same title may be substantially different.
- In some instances the issue of “like for like” comparisons may extend to the total benefits package. Factors such as hours of work, conditions of service, pensions and even job security may be considered.

Cost

- Salary of Calderdale post(s) in comparison with comparator post(s) elsewhere.

4. Procedure for Approval and Payment

- 4.1 Approval for awarding a market supplement is delegated to the Approval Panel Director for Communities and Service Support and Corporate Lead for HR.
- 4.2 The relevant Director/Head of Service will provide a business case including relevant evidence, as set out in Para 3 above, that recruitment on the basis of the Calderdale grade will not provide for suitably qualified and/or experienced applicants and will present a significant risk to the service.
- 4.3 The evidence presented will be considered and additional information requested if required.
- 4.4 Where a market supplement is approved, it will be paid for an initial period of twelve months. The Corporate Lead for HR will write to the relevant employee confirming the payment and review arrangement.
- 4.5 Market supplements form part of an employee's pay and will be pensionable. However, any overtime will be paid at the substantive grade and will not include the market supplement element. Payment for sickness and annual leave will include the market supplement element.
- 4.6 The duration of the market supplement will be clearly defined in recruitment and selection literature, processes/documents and contractual variations.

5. Review of the Market Supplement

- 5.1 A review of the relevant labour market /Market Supplement will be carried out on an annual basis by the Director/Head of Service providing updated evidence to the Approval Panel. This may result in an increase or decrease in the payment or the payment could be withdrawn entirely at the Council's sole discretion. At least three months' notice will be given of any change.

B. RETENTION PAYMENT SCHEME

The Retention Payment Scheme may be applied where the risks are associated with mid/long term retention and workforce stability, and where Market Supplement has been considered as not able to address these requirements. Typically, this scheme will be considered in exceptional circumstances where there is clear evidence that a failure to retain a stable and well performing workforce in an area, presents serious risks to the effective delivery of high profile, statutory or regulatory services and where external intervention may take place.

The Retention Payment Scheme will be linked to specific criteria around eligibility and performance for payment(s) to be made. Payment will be made after the end date of each specific qualifying period, as set out in the policy, and reviewed on an annual basis.

1. Principles

- 1.1 The Retention Payment is an annual payment and is payable to eligible employees only. Eligible employees are those who satisfy the pre-determined criterion for the scheme. In order to create stability it is anticipated that the scheme will run for 3 years (36 months) in the first instance, during which an eligible employee will only receive the Retention Payment if they remain continuously employed in an 'in scope' post during each 'Qualifying Period'.

- 1.2 This provision does not form part of an employee's contract of employment and may be amended following review. Any payment paid to employees shall be purely discretionary and shall not form part of an employee's contractual remuneration. If a payment is made to an employee in respect of a particular year there shall be no obligation for the Council to make any subsequent payments.
- 1.3 Example criteria for identifying 'in scope' employees for a scheme is (note: these are examples only as criteria will be specific to the Directorate/Service):
- Employee must have successfully completed their course of study;
 - Employee must be registered with the relevant professional body;
 - Employee must be able to show evidence that they continue to meet the professional standards set by the professional body.

The criteria will be proposed by the Directorate as part of the Business Case.

- 1.4 Employees who meet all of the eligibility requirements are termed '**in scope**' employees within this Policy and are eligible to receive the Retention Payment subject to the terms of this Policy. The Policy is applicable to all employees who are 'in scope', which includes all fixed term, part time and agency workers (NB: agency workers should not be used on a long term continuous basis). Self-employed, consultancy and casual workers are not 'in scope' for payments under this Policy.
- 1.5 In addition to being continuously employed during the 'Qualifying Period' all 'in scope' employees are required to satisfy additional **performance criteria** confirmed in the Directorate/Service Business Case. Performance criteria will include the following:-
- No more than 5 days sickness within any Qualifying Period (except where subject to a reasonable adjustment).
 - All Appraisal/Performance targets met.
 - 10 out of every 12 supervision sessions completed and recorded (if applicable).

It is the responsibility of 'in scope' staff and their line managers to ensure that supervision sessions are completed and recorded.

- 'In scope' staff who are subject to a formal capability or a formal improvement/management action plan, or those who are subject to formal disciplinary action, or being managed within the formal capability policy will not be eligible for the Retention Payment.
- 1.6 For 'in scope' staff who are the subject of a formal investigation within a retention payment period, no payment will be made until the process is completed. If no formal action is deemed necessary the retention payment will be reviewed and a decision made by the Director/Head of Service.
- 1.7 Where a decision is made within the Service that an 'in scope' employee has not met the performance criteria within the scheme and therefore will not be paid the retention payment he/she may appeal the decision to the Corporate Lead for HR.

2. Measures/factors to consider prior to requesting a Retention Payment

- 2.1 There may be underlying causes where retention difficulties arise that a retention payment may not be a solution for. Factors that could be apparent are the nature of the work, working conditions, prospects for advancement, team/management behaviour or training and development opportunities. These need to be considered before determining whether or not a retention payment is required.

2.2 The following measures/factors should also be considered:

- The specific job is regarded as critical for the Council in the delivery of services and/or a statutory required service.
- Alternative ways of covering the work of the specific job have been considered eg remodelling the duties to deliver the service required.
- Any retention payment must be objectively justifiable (see objective evidence notes below).

3. The Business Case – Identifying Retention difficulties

- 3.1 If a retention payment scheme is required it will be necessary to demonstrate that there are 'objectively justified grounds' ie that retention difficulties exist in relation to the service(s) concerned, resulting in actual or foreseeable organisational and/or operational problems. It is also necessary to demonstrate that these problems will be removed or lessened by the introduction of the scheme.
- 3.2 In making a business case for the scheme, the following types of information should be considered. Anecdotal evidence is not sufficient as all decisions regarding applicability of the scheme must be based on fact.

Turnover figures

- Midterm turnover rate trends (eg over past 2 years).
- If possible, comparison of turnover figures with similar staff in other councils.

Exit Data

- Evidence from exit interview of relevant major factors in reasons for leaving.

Market Data/Comparators

- Evidence that demonstrates more substantial remuneration packages are available for the specified post within the local, regional and national market place.
- Comparisons with the same or very similar jobs in other relevant organisations. For jobs largely exclusive to local government, comparisons should be with similar sized councils across West Yorkshire, plus neighbouring councils within a reasonable commuting area. For jobs covering wider sectors, comparisons may include other public sector organisations and, in some cases, relevant private sector companies.
- Benchmark comparisons must show "like for like" comparisons. Job titles are not a reliable basis for comparison as jobs with the same title may be substantially different.
- In some instances the issue of "like for like" comparisons may extend to the total benefits package. Factors such as hours of work, conditions of service, pensions and even job security may be considered.

Cost

- Salary/reward packages in Calderdale post(s) in comparison with comparator post(s) elsewhere.

Inspection/Review outcomes

- Evidence from the outcomes of any inspections/reviews of the service(s) where the need to maintain a stable skilled and experienced workforce is identified as a requirement for improvement.

4. Procedure for approval and payment

- 4.1 Approval of a Retention Scheme is delegated to the 'Approval Panel'(Director for Communities and Service Support and Corporate Lead for HR).
- 4.2 The Director/Head of Service will present a clear business case for the scheme giving detailed evidence of the exceptional circumstances in accordance with the objective evidence covered in paragraph 3 of this policy. The Panel will assess the evidence presented requesting additional information if required.
- 4.3 Where the scheme is approved the retention payments payable to all 'in scope' staff will be paid as follows at the end of each 'Qualifying Period' for example:-

Qualifying Period(s)	Amount of Payment
After 12 months continuous service	£ 600
After 24 months continuous service	£1,200
After 36 months continuous service	£2,400

- 4.4 Each period of 12 months service will be referred to as a separate "Qualifying Period". The Retention Payment will be payable within the 2 months following completion of 12 months, 24 months and 36 months' continuous service. Service for the purpose of this Policy will be recognised from the 1st of the month following either the start of the retention scheme, or the employees start date as an 'in scope' employee. Previous service is not recognised for the purpose of this Policy.
- 4.5 For Part-time employees payment of the Retention Payment will be pro rata to their contractual hours.
- 4.6 No Retention Payment will be payable to any 'in scope' employee who
- is under notice of termination of employment or
 - gives notice of termination to the Employer within a relevant Qualifying Period or leaves within that period without having given notice.
- (ie if an employee gives notice to leave their employment in month 10 of the first year's Qualifying Period then no payment shall be made, even if the employee remains employed and working out their notice at month 13 when the first Payment would have otherwise been payable).
- 4.7 Retention payments are subject to PAYE deductions (tax and national insurance) and are pensionable.

5. Review of the retention payment

- 5.1 A review of the relevant labour market /retention payment scheme will be carried out on an annual basis by the Director / Head of Service providing updated evidence of impact to the Approval Panel. The impact of the scheme on retention rates will also be reviewed. This may result in an increase or decrease in the payment or the payment could be withdrawn entirely at the Council's sole discretion. At least three months' notice will be given of any change.