

PERSONNEL COMMITTEE – 20TH DECEMBER 2022

Report of the Director of Finance, Governance and Contracts

Part A

Recruitment and Retention Policy

Purpose of Report

The purpose of this report is to present the proposed Recruitment and Retention Incentives Policy to Personnel Committee for agreement, and that the current Market Premia Policy be deleted, and the relevant principles included into this new Policy.

Recommendation

That the Recruitment and Retention Incentives Policy is agreed, and the Market Premia Policy is deleted.

Reason

To provide a formal mechanism for the Council to offer incentives to recruit staff with the required skillset to meet the business needs. There are increasingly more challenges for the Council to attract and retain employees, therefore the need to consider the use of Recruitment and Retention Incentives for certain hard-to-fill posts has become a necessity.

Policy Justification and Previous Decisions

The Recruitment and Incentives Policy was first discussed at SLT on 22nd September 2021 and again on 13th October of that year. It was discussed at JMTUM on 20th January 2022 and then at subsequent JMTUM meetings thereafter. The trade unions raised many points in relation to the principles of this policy and after agreement was reached on amendments to the policy, confirmed their acceptance of it in June 2022.

Implementation Timetable including Future Decisions

The report will be uploaded to the intranet should agreement be given at Personnel Committee and the Market Premia Policy will be deleted.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are financial implications arising from this decision should recruitment and retention incentives be used. The Council consider these in line with the current principles of Market Premia Payments and are necessary to recruit and retain staff in certain area.

Risk Management

There risks outlined within this report are highlighted in Part B below.

Background Papers: none

Annexes: Annex A - Recruitment and Retention Incentives Policy

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Part B

Background

1. It is becoming increasingly more challenging for the Council to attract and retain employees, therefore the need to consider the use of Recruitment and Retention Incentives for certain hard-to-fill posts has become a necessity.
2. The Council currently has a Market Premia Policy; however this does not cover the concept of a Golden Hello Payment, which are both incentives to recruit staff with the required skillset to meet the business needs.
3. Certain Heads of Service have experienced difficulties in filling some posts which require specific skills and experience. Sometimes having offered the candidate the post but they then decline, having received a higher incentive from elsewhere.
4. It is anticipated that Recruitment and Retention Incentives will only be granted in very exceptional circumstances, where it can be evidenced that the effects of not filling the post in question, or retaining an employee in post, could have a significant impact upon the service of the Council.
5. The incentives are defined as a payment or an allowance that is applied to an identified post or posts for an agreed period of time where it can be demonstrated that the substantive salary level of the post is having an adverse impact on the Council's ability to attract, recruit and retain the appropriate calibre of employee into a particular job role.
6. The Council is an equal opportunities employer and therefore committed to the principles of equal pay for work of equal value. The Council must ensure that in meeting its obligations in relation to equal pay that any incentives can be objectively justified.
7. This policy provides a framework under which managers may request such an incentive so that only those that can be objectively justified will be approved. It includes a set of clear criteria which should be met, a process for approval and timescales for payments to be in place.
8. Trade Unions were very actively involved in discussions on the Recruitment and Retention Policy and provided useful feedback, some of which was incorporated into the final version of the policy. This included greater emphasis on non-monetary issues for recruitment and retention and those suggestions were accepted alongside changes to wording and clarification in certain areas.
9. In more general feedback the trade unions expressed ongoing concerns that poor pay, adverse changes to terms and conditions and possibly the working culture in some areas are significant factors behind recruitment and retention difficulties. It was also fed back that job evaluation should be used in a more regular, structured and planned way to support difficulties with recruitment and retention and to avoid relying on ad hoc recruitment and retention payments. The Council continues to review and look at ways in which we can address those concerns where possible.

Recruitment and Retention Incentives Policy for Hard-to-Fill Posts

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Purpose

As it becomes increasingly more challenging for the Council to attract and retain employees, the need to consider the use of recruitment and retention incentives for certain hard-to-fill posts has become a necessity.

It is anticipated that recruitment and retention incentives will only be granted in very exceptional circumstances, where it can be evidenced that the effects of not filling the post in question, or retaining an employee in post, could have a significant impact upon the service of the Council.

The incentives are defined as a payment or an allowance that is applied to an identified post or posts for an agreed period of time where it can be demonstrated that the substantive salary level of the post is having an adverse impact on the Council's ability to attract, recruit and retain the appropriate calibre of employee into a particular job role.

The Council is an equal opportunities employer and is committed to the principles of equal pay for work of equal value. The Council must, therefore, ensure that in meeting its obligations in relation to equal pay that any incentives can be objectively justified.

This policy provides a framework under which managers may request such an incentive so that only those that can be objectively justified will be approved. Requests of this nature must be approved by the Senior Leadership Team in accordance with the normal SLT agreement process.

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Scope

This policy and procedure will apply to hard-to-fill posts within the Council.

Hard to fill posts are those where it has not been possible to attract or recruit candidates with the necessary competencies despite various recruitment activities being undertaken. This may be due to a number of reasons including:

- A local and/or national skills shortage.
- Comparator organisations offering a higher salary and/or a more attractive benefits package.

The policy will also apply where it has been agreed, prior to advertising, that a recruitment and retention incentive should be applied as market benchmarking indicates that the post will be difficult to recruit to.

Approval for the use of these incentives will be needed from SLT prior to any advertising taking place.

The Chief Executive has authority to agree payments in accordance with this policy.

There may also be exceptional circumstances where a market premia payment will be applied as a retention incentive in accordance with criteria set out within this policy.

This policy and procedure applies to employees of Charnwood Borough Council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services.
- Joint Negotiating Committee for Chief Officers of Local Authorities.
- Joint Negotiating Committee for Local Authority Craft and Associated Employees.

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Examples of Recruitment and Retention Incentives

The following are the Council's agreed recruitment and retention incentives that managers may wish to consider for hard-to-fill posts:

- Non-monetary initiatives (see Eligibility Criteria section)
- Golden Hello payments.
- Market Premia payments.

Whilst currently the Council pays professional fees, this can also be used as part of the incentives package offered.

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Golden Hello Payment

- A Golden Hello payment is a one-off lump sum paid to a new starter on their appointment with the Council.

- The maximum amount payable is 10% of the employee's salary for the post being offered. This will be paid on a pro-rata basis for part time employees.
- Existing employees or those who have returned to the Council within 12 months of their leaving date are not eligible to receive a Golden Hello payment.
- Agency workers appointed to permanent or fixed-term posts are eligible for the payment unless an introductory fee is payable to the agency.
- Managers are responsible for including details of applicable Golden Hello payments within job adverts.
- The payment will be made as part of the employee's first salary. The manager is responsible for requesting, as part of the appointment process, that the payment is made.
- The payment will be subject to tax, national insurance and pension deductions.
- The cost of the payment must be met by the employing department unless agreed otherwise with SLT.
- The employee will be required to remain in the Council's employment for a period of up to 3 years otherwise they will be required to repay either all or a proportion of the Golden Hello amount. The manager is responsible for advising the HR Administration team, as part of the leaver process, of the amount to be reclaimed. This is on the following basis, should the employee choose to leave:

First 6 months = 100% of Golden Hello payment.

Year 1 = 75% of Golden Hello amount if less than one year is completed.

Year 2 = 50% of Golden Hello amount if less than two years' service is completed.

Year 3 = 25% of Golden Hello amount if less than three years' service is completed.

The repayment arrangements will be specified in the contract of employment to ensure the employee is aware of this obligation.

The above repayment arrangements also apply from the date that the employee is dismissed from the Council's employment for conduct or performance related matters within the three-year period.

Should an employee be made compulsory redundant they will not be subject to the above repayment requirements.

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Market Premia

Market Premia is sometimes referred to as Market Supplement – they both have the same meaning. A Market Premia payment is a monthly amount paid to the employee in addition to their substantive salary.

- A Market Premia payment is a monthly payment paid for an agreed period of time (up to a maximum of 3 years).
- Market Premia payments should be calculated using comparator salary data from other organisations for comparable roles. This payment will ordinarily not exceed 10% of the salary of the post being offered. In exceptional circumstances, evidence may determine that the 10% limit is insufficient. In this circumstance, a business case, including clear evidence, will need to be put to SLT to decide if a higher percentage can be granted (see Eligibility Criteria section for types of evidence).
- There may also be exceptional circumstances where a market premia payment will be applied as a retention incentive. This would apply where it can be evidenced that it would be difficult to retain valued employees in post due to market factors such as salary market benchmarking that would demonstrate a lack of parity with comparable positions. Comparator pay rates may not be used as the sole justification for requesting a market premia payment. This evidence may only be used in conjunction with additional evidence of retention difficulties such as:
 - Information to evidence the extent of the potential impact upon service delivery if the retention issue is not resolved.
 - Information showing that there is a national and/or local shortage of skills associated with the post.
- All market premia payments will be paid on a pro-rata basis for part time employees.
- The payment will be subject to tax, national insurance and pension deductions.
- The cost of the payment must be met by the employing department unless agreed otherwise with SLT.
- The award of a market premia payment does not change the evaluated grade for the post, it is a fixed amount paid in addition to the employee's basis salary.
- If a market premia payment is agreed for a particular post, it will be automatically applied to all identical posts across the Council.
- Where the payment of a market premia falls within the relevant qualifying pay period, this payment will be taken into account when calculating the amount owed to an employee for absences due to sickness, annual leave, maternity or adoption leave, when working additional hours or when calculating a redundancy payment.

- Where a post is in receipt of a market premia payment and is downgraded as part of the job evaluation process, the market premia payment will remain in place for the agreed period. If a post is upgraded, the market premia amount will reduce, in proportion to the increase in salary, but will remain in force for the agreed period.
- For new starters, the manager is responsible for advising the HR Administration team, as part of the appointment process, that the market premia payment should be made and referenced accordingly in the contract of employment.
- The employee will not be required to repay any of the market premia payments if they subsequently leave the Council's employment.

Other factors relating to Recruitment and Retention Incentives

Impact of National Pay Award and Annual Increments

Recruitment, retention and incentive payments will not be increased in line with annual pay awards.

Pension Implications

Recruitment, retention and incentive payments are pensionable.

Overtime Payment

Any overtime payments shall be paid at the substantive grade of the post.

Redundancy

Should an employee be made redundant following a restructure, the redundancy payment they receive will be calculated based on the total amount of earnings received prior to being made redundant. Therefore, if the employee is in receipt of a market premia payment, this will be taken into account and included.

Advertising

Where the Council has identified the need to pay a golden hello or market premia and the job subsequently becomes vacant, the information provided to applicants through the advertising process must specify the details of the incentive. The basis of the payment should be included, with a note to state that this payment is at the discretion of the Council and will be subject to a maximum duration and amount.

Job Evaluation

A golden hello or market premia payment does not change the evaluated grade for the post but is a fixed amount, which is paid in addition to the salary of the post.

Should a job in receipt of a market premia payment be downgraded following a grading review, the market premia will remain in force for the agreed period.

If a job in receipt of a market premia payment is upgraded, the payment will reduce, in proportion to the agreed salary, but will remain in force for the agreed period.

Professional Fees

The Council will pay the annual fee for membership of a professional body if it is considered an essential requirement of the employee's post. The cost of the payment must be met by the employing department unless agreed otherwise with SLT.. The

employee will be required to pay the professional fees and then submit a claim, via expenses, for their reimbursement.

The employee will not be required to repay the professional fees payment if they subsequently leave the Council's employment or move to another role with the Council that does not require the registration.

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Eligibility Criteria

The application of a recruitment or retention incentive will only be considered where there is evidence to demonstrate that there are recruitment and/or retention difficulties relating to the post. Managers will be required as part of the approval process to provide evidence to support their request. This may include, but is not limited to, the following:

- Evidence that non-monetary initiatives have been considered where appropriate these may include:
 - Amendments to agile working arrangements
 - Job Share
 - Part time/ condensed hours
 - Professional development opportunities, training or mentoring
 - Changes to the organisation or role responsibilities
- Recruitment statistics which demonstrate poor response rates to adverts despite the post being advertised using relevant channels.
- At least one unsuccessful attempt to recruit to a post must be made for a Golden Hello to be applied to a post.
- Shortlisting and interview scores which demonstrate the poor calibre of candidates that the post has attracted.
- Employee turnover figures for the last 12 months along with feedback from one-to-one/supervision meetings and leaver questionnaires regarding the reasons why employees are leaving or seeking alternative employment.
- Pay data from public and private sector comparator organisations which indicate that the post's salary and/or benefits package is considerably lower than the market equivalents. This will usually be limited to organisations within surrounding counties however for some posts it may be relevant to provide an indication of national pay rates. It is recommended that information is obtained from at least 3 comparator organisations.
- Information to evidence the extent of the potential impact upon service delivery if the recruitment or retention issue is not resolved.
- Information showing that there is a national and/or local shortage of skills associated with the post.

Further advice on potential sources of evidence is available from Human Resources.

Pay comparisons should be made on the basis of factors such as the type and size of the organisation, regional pay differences, duties of the post as specified in the Job Profile and qualifications listed in the Person Specification along with the experience and skills required.

Comparator pay rates as a form of evidence may not be used as the sole justification for requesting a market premia payment. These rates may only be used in conjunction with additional evidence of recruitment and/or retention difficulties.

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Approval Process

Where a manager has identified the need for a recruitment or retention incentive, they should complete the Recruitment and Retention Incentive Request Form. The request must include a business case which includes the following:

- Details of the incentive that is being requested and the consequences if the request is not approved.
- Evidence to demonstrate the recruitment and/or retention difficulties relating to the post.
- Details of attempts already made to resolve the issue (e.g. the redesign or re-evaluation of the post, targeted advertising campaigns).

Advice on completing the form may be sought from Human Resources.

Before approving payment, the Head of Service must consult the Strategic Director who will discuss the business case with SLT. SLT must be satisfied that there is a sound business case for awarding the payment to an individual employee or group of employees **and** that this is supported by sufficient and justifiable evidence, before they will give authorisation to approve the request.

The Line Manager requesting this will also need to complete a Delegated Decision for approval by the Strategic Director/Head of Paid Service in order for the decision to be formally recorded and so that the appropriate financing arrangements can be secured. The completed Recruitment and Retention Incentives Form outlining the business case and evidence should be attached to the Delegated Decision application.

If the request is approved, the form must be emailed to the HR Administration Team (hr@charnwood.gov.uk) who will then arrange for any additional approvals to be completed.

There is no appeal against the decision not to support the award of an Incentive payment.

Human Resources will retain a record of the outcome of all requests.

Appendix A Recruitment and Retention Incentives Form

Please read in conjunction with the Recruitment and Retention Incentives Policy. Full and detailed information must be provided in order that the request can be properly considered. Failure to provide all information may result in the request being refused.

Can the recruitment or retention issues be addressed in any other way? E.g. opportunities for development of more junior staff, extra support, facilities, flexible working practices, possible secondment of staff across the organisation etc.

Has consideration been given to job re-design? Please add comments:

Please present evidence, within the previous 12 months, of a failure to recruit or of recent retention problems that exist. This can be turnover figures, exit information, interview data and unsuccessful recruitment campaigns in terms of unsuitable candidates. Any unsuccessful recruitment campaigns must be shown to be rigorous. You must include dates alongside each item of evidence.

State what the risks are/ impact to the Council, if unable to recruit or retain employees with key skills required for the specific role?

What level and type of payment is to be given? Please evidence the extent to which the Council is not competitive with other comparable organisations. This should include information on comparable pay data and also reference the complete benefits package where possible.

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Type and Duration of Payment to be made and anticipated dates for payment to commence and cease (if known):

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Justification for Duration of the Payment:

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Calculation of Payment
(State amount requested showing calculation use separate sheet or spreadsheet if necessary)

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I authorise the proposal to pay a recruitment and retention incentive:
Head of Service Signature..... Date.....
Date Approved by SLT.....

Comments: