

Policy and Procedure for payment of Discretionary Market Linked Recruitment and Retention Salary Supplements

1 Policy

In order to deliver high quality services consistently, Epping Forest District Council has to attract and retain high quality people. Market forces in the job market may occasionally require the Council to consider exceptional payments in addition to the 'rate for the job', which the job evaluation scheme would normally indicate. This can avoid expensive, fruitless recruitment exercises and ensure valuable skills are brought to and remain in the Council's workplace.

There must be genuine, objective grounds for a market supplement derived from sound, pay data and applied in a consistent and equitable manner in accordance with Equal Pay legislation and the Equal Opportunities in Employment Policy. This policy and procedure takes account of and implements advice provided at sections 3.57 to 3.60 of the NJC Conditions of Service.

2 Scope

All positions within Epping Forest District Council are eligible for a market supplement within the terms of the policy where it can be clearly demonstrated that:

- The current pay rate is out of step with the market rate
- This is resulting in recruitment and / or retention difficulties
- The post is key to the delivery of services and the issue cannot be resolved by other means.

Market supplements are not intended to reward or recognise performance, nor are they intended to replace the Job Evaluation Maintenance policy, where the job content has changed substantially.

3 Definition of Market Supplements

These may take two forms:-

Category a) an annual payment made in addition to the job evaluated grade for the post where the established salary is insufficient to attract or retain the skills and knowledge required to perform the duties of the post.

The payment will be paid on a monthly basis and will be liable to the usual employee deductions (tax, national insurance, superannuation). It will be paid for a fixed term of no more than three years. When the supplement is awarded, the term will be clearly specified in addition to the amount to be paid. It will not be increased each year in line with the annual NJC pay award.

Market supplements will not be based on a percentage of an employee's existing salary but will be a cash sum, determined with reference to the market conditions.

Category b) a single or series of recruitment and / or retention payments taking the form of a lump sum, which is subject to the usual deductions. These payments are separate to the job evaluated grade and may be designed to recruit and / or retain staff in shortage areas. Payments under this category should be linked to specific length of service related criteria, eg a retention payment could be made after two / three years service in post.

Recruitment payments will only be payable if a postholder signs a written declaration that they will remain in post for a defined period of time and that, if they leave within that time, all or a defined part of the payment will be recovered. The payments are not linked to NJC pay award.

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Retention payments (ie payable at a defined date in the future) will not be linked to NJC pay awards but will be 'stand alone' cash sums. In order to qualify for a retention payment, an individual must be in the post designated as attracting the payment on the qualifying date for payment to be made. If the individual voluntarily moves to another post, the payment will be terminated immediately. In cases where the individual is seconded to or acting into a post at a higher grade, or in receipt of an honorarium for undertaking additional duties, the payment will not be made in addition to any temporary allowance received.

4 Key Principles of the Scheme

- (i) Where an individual is in receipt of pay protection under the Council's agreed scheme, the value of the market supplement will be reduced by the value of the pay protection.
- (ii) A combination of supplements under categories (a) and (b) may be payable to a post or group of posts – the two categories are not mutually exclusive. For example, a post may attract a supplement under (a), paid on a monthly basis for a defined period of time. In addition, the post may attract a one off payment under (b) after the postholder has been in post for 3 years.
- (iii) Market supplements awarded under categories (a) and (b) should be applied to all identical posts (where there is more than one post) ie any arrangements should apply to both new recruits and existing staff unless there are objective reasons not to do so. Payments will not be made to existing staff that are in receipt of non time expired warnings under the Council's disciplinary / capability procedure. Where posts within a team are different or where they are at different levels in the staffing structure, differential rates may be applied (or no rate may be applied), depending on the circumstances.
- (iv) Market supplements will not be affected by an individual's incremental progression within the grade.
- (v) All payments are time limited and do not constitute a permanent change to the postholder's contract of employment where payments are awarded to a group of posts, the time limit for review / withdrawal will be fixed for the whole group, regardless of when an individual enters a qualifying post.
- (vi) Supplements may be removed at the end of the defined period of payment – there should be no expectation that payments will be renewed.
- (vii) The job evaluation scheme and the job evaluated grade are separate to this policy. That said, a change in the evaluated grade of a post would be a factor to be considered at any review of the payments under this scheme to an individual or group of posts. Equally, if a post rises in grade as a result of job evaluation during the period of the supplement, the value of the supplement will be reduced commensurate with the increase in salary as a result in job evaluation.
- (viii) In considering the payment of supplements under this scheme, the Council will be mindful of equal pay legislation. The award of supplements will be linked to objective criteria, will be time limited and reviewed.

5 Making a case for the payment of a market supplement

Authority to award market supplements rests with Management Board who will be advised by the Head of Human Resources and Performance Management and / or the Head of Legal, Administration and Estates as appropriate. Management Board will be responsible for the agreement of proposals in consultation with the appropriate Head of Service.

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Where Management Board considers there is a case for payment of a market supplement in order to either recruit or retain an employee, or group of employees, the Head of Service will provide proposals and detailed supporting evidence to the Head of Human Resources who will submit this to Management Board. This evidence should contain some or all of the following, depending on the circumstances of the case. Objective evidence must be provided on which a decision can be made:

- Evidence of efforts made to fill the post
- Number and quality of applicants received
- Cost of recruitment (where applicable)
- Details of exit interviews conducted and turnover / vacancy statistics
- Details of any offers made and reasons why rejected
- Results of any grading review under the job evaluation maintenance policy where the job has changed
- Details of any other similar jobs in the service where there may be a consequential effect in the event of any changes to pay
- Details of a market survey based on the catchment area appropriate for the job details, where possible, comparator organisations' remuneration packages, including benefits, eg annual leave, pensions, etc.
- Evidence of advice sought from the Council's recruitment agency on both the appropriate advertising and salary level
- Details of alternative solutions for doing the job which have been considered and reasons why they are inappropriate, such as:-
 - outsourcing
 - reallocating duties and responsibilities
 - appointing a trainee or part qualified professional with some of the skills required to be developed into the role
- A copy of the job description, person specification and details of the structure
- The suggested level and type of market supplement payment considered necessary (ie either categories (a) or (b), or a mixture of the two).

Advice on sources of information and guidance on the above can be provided by the HR Unit.

6 Reviews and Withdrawals

Reviews will take place prior to the end of the defined time period for payment of the supplement. The review will be conducted by Management Board in consultation with the Head of Service. The review will determine whether the original justification still applies and will make a decision as follows:-

- That the supplement is confirmed in its existing form and at the same level.
- That the supplement is either increased or reduced.
- That the supplement is ended.

If the supplement is to continue in any form, the timescale for this will be no longer than 3 years.

Where reduction or cessation is considered the employee will be consulted, normally in a meeting, about the reasons for the change and the effect upon the employee's salary. The outcome of any review and the underpinning reasons will be confirmed in writing to the employee.

For the avoidance of doubt, reduction or cessation of a supplement will not result in pay protection of that supplement. It will be reduced or withdrawn in full.

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Where the employee voluntarily moves to another post within the Council on a permanent basis, the payment of any market supplement will cease on the last day in the post which attracted the supplement.

Where the employee is redeployed (either on organisational or ill health grounds) to another post within the Council, then the market supplement will not be protected and will cease from the date of redeployment.

7 Appeals

An employee who considers that he or she has been treated unfairly with regard to the application of a market supplement should raise the matter via the Council's Grievance Procedure. The basis for a grievance may be whether the employee should have been considered for supplement. It may not be about the amount or the terms of the scheme itself.

8 Funding of Market Supplements

Management Board will consider various sources of funding for these payments. Appropriate authority will be required for the virement of budgets including, where necessary, Member approval.