Human Resources: Policy on recruitment and retention incentives

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1. Introduction

1.1 Our pay arrangements have been set at a level that will recruit and retain employees, minimising the need to use pay incentives. However, there may be a small number of jobs for which it is not possible to recruit and/or retain employees at the job-evaluated rate, because of local or national shortages. In these circumstances it may be necessary to consider the use of recruitment and retention incentives. 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.

1.2 This policy sets out all the potential options but incentives used will be used in exceptional circumstances and dependent on factors such as critical business need and severity of risk to business delivery.

2. Scope and aim

2.1 This Policy covers all prospective and existing employees of the Authority.

2.2 The Policy aims to ensure that the Authority is able to attract and retain highly-skilled employees by offering competitive packages.

2.3 It aims to provide a fair and transparent system for considering an incentive payment where a recruitment and/or retention problem has been identified, which relates to a lack of competitiveness between the remuneration levels within the Authority and the relevant labour market for the particular job role.

2.4 It aims to ensure that the Authority meets the requirements of equal pay legislation

3. Definitions

3.1 Hard to fill posts are those where, despite at least two external recruitment rounds having been undertaken, it has not been possible to attract or recruit candidates with the necessary competences.

3.2 Hard to retain posts are those where, staffing levels within a team become critically low to the extent where a team would be unable to fulfil its function to an acceptable level that meet our legal duties and objectives of the Authority Plan, and/or towards the end of a funded project when employees plan to leave to commence other employment putting the delivery of outcomes at risk. Depending on the size of the team, and/or demands on the team, this could be the case even if a team was fully staffed.

4. Commitment and responsibilities

4.1 We are committed to the principles of equal pay for work of equal value and operate a job evaluation scheme to measure the relative value of all jobs.

4.2 Regular equalities monitoring of the outcomes of the application of incentive payments will be undertaken, for example, gender monitoring for jobs in receipt of the payments.

4.3 The manager must provide clear and objective evidence of difficulties and risks when putting together a business case for a recruitment or retention incentive payment to be made.

4.4 Where incentives are applied, they will be reviewed regularly to ensure that they remain consistent with the criteria for objective justification.

5. When incentives may be considered for use

5.1 From the incentives available the following must be agreed and justified prior to advert, and included in the advert to ensure fairness and transparency:

- Golden hellos
- Relocation expenses
- Market supplement payments

5.2 Retention payments may be advertised for time critical, fixed term vacancies to ensure delivery of a funded project.

5.3 Once a successful candidate is identified, the following incentives may be requested by the recruitment manager with objective justification, to be approved by the Head of People Management:

- Pay point on appointment
- Payment of professional fees
- Additional annual leave
- Financial assistance for study

5.4 Retention payments for existing staff may be considered at a point when a team reaches a critical staffing level to the extent there is a detrimental impact on performance and service delivery.

5.5 The incentive Recommend a friend is available to employees on every external vacancy.

6. Incentives

6.1 **Golden Hello Payments** (to be used for hard to fill vacancies)

A golden hello is a one-off lump sum paid to a new starter on their appointment with the Authority.

The amount payable will range between 10-20% of the employee's salary.

The payment will be calculated on the pro rata salary for part time employees.

Where a golden hello payment is approved for a post, it shall trigger implementation of a retention payment to all identical posts, and subject to the same repayment terms as the golden hello.

Those who have returned to the Authority within 12 months of their leaving date are not eligible to receive a golden hello payment.

Managers are responsible for including details of applicable golden hello payments within the job adverts.

The payment will be made as part of the employee's first salary.

The payment will be subject to tax, national insurance and pension deductions.

The cost of the payment must be met by the employing service unless agreed otherwise with the Chief Finance Officer.

The employee will be required to remain in the Authority's employment for a period of 2 years otherwise they will be required to repay either all or a proportion of the amount. The manager is responsible for advising the HR office, as part of the leaver process, of the amount to be reclaimed.

6.2 Relocation Expenses

The maximum total amount of assistance that can be claimed is £8,000.

To be eligible to receive relocation expenses, the individual must be a newly appointed employee who needs to move a home that is within a reasonable daily travelling distance to their new workplace.

Managers are responsible for advising in the advertisement for the post that this allowance applies.

The cost of the relocation expenses must be met by the employing service unless agreed otherwise by the Chief Finance Officer.

Relocation expenses must be incurred before the end of the tax year (5 April) following that in which the employee starts work in the new location.

If an employee fails to relocate within 12 months, they may be required to repay all the expenses received under the scheme.

The employee will be required to remain in the Authority's employment for a period of 2 years otherwise they will be required to repay either all or a proportion of the amount.

Further information regarding the scheme is available in the Removal and Relocation Scheme guidance.

6.3 Market Supplement Payments (to be used to attract candidates into hard to fill vacancies, and awarded to existing employees in identical post)

A market supplement payment is a monthly payment paid for an agreed period of time (up to 2 years)

Market supplement payments should be calculated using comparator salary data from other organisations.

The payment will be subject to tax, national insurance and pension deductions

The cost of payment must be met by the employing service unless otherwise agreed by the Chief Finance Officer.

The award of a market supplement payment does not change the evaluated grade for the post; it is an amount paid based on relevant comparators. It is an amount paid in addition to the employee's basic salary. The total amount paid for the agreed period of time, is agreed as at the point when calculated. This will be reviewed after 2 years to reduce, remove or increase the supplement.

If a market supplement is agreed for a particular post, it will be automatically applied to all **identical** posts across the Authority.

On receipt of the annual pay award, and or progression through pay increments of the grade, the fixed amount remains the same and the market supplement will reduce in proportion to the increase in salary.

Market supplement payments will be reviewed every 2 years or upon successful recruitment without market supplement enhancement, to a vacant post, whichever is sooner. This may result in the market supplement being varied or withdrawn with 3 months written notice.

Where an employee is in receipt of pay protection, they will not receive both the pay protection and the market supplement payment. In these circumstances, the employee will receive the greater of the two amounts.

Where the payment of a market supplement falls within the relevant qualifying pay period, this payment will be considered when calculating the amount owed for 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 market supplement is agreed for a post which takes the total amount paid to the respective employee close to, or beyond the more senior post and/or line manager, a supplement payment will be applied to move these posts to a pay point which maintains at least a £1,000 pay differential provided these posts have the same professional function and area of expertise.

For new starters, the manager is responsible for advising the HR office as part of the appointment process, that the market supplement should be made

The market supplement will cease with immediate effect if circumstances change including:

- Sick pay entitlement ends
- Change of job
- Management of employee under any formal process

The employee will not be required to repay any of the market supplement payments if they subsequently leave the Authority's employment.

6.4 Pay point on appointment

The starting salary will be the first incremental point of the grade for all new appointments unless approval has been obtained from the Head of People Management.

Managers can request to appoint above the bottom of the grade in cases where the candidate has directly relevant experience and can operate fully and expertly on appointment.

6.5 Professional Fees

Where professional membership as an essential criterion within the person specification for a post, the employee's professional fees are paid.

Managers may wish to pay an employee's annual professional fees which are not an essential criterion in the person specification for the post, for an agreed period of time (up to 2 years). If agreed, all employees occupying the same role will also be eligible for the reimbursement of the same professional fees.

The discretionary payment will be reviewed by the Head of Service at the end of the agreed period of time.

The cost of the payment must be met by the employing service unless agreed with the Chief Finance Officer.

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

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

6.6 Professional Qualification/Accreditation Fees & Study Leave

Managers may wish to provide financial assistance and additional study leave above the normal vocational grant amounts to support employees to complete professional qualifications or gain professional accreditation.

If a new employee has to reimburse their previous employer for professional qualification/accreditation fees due to joining us, the manager may agree to pay/contribute to these costs.

The cost of the payment must be met by the employing service unless agreed with the Chief Finance Officer.

The terms of this payment would be the same as the vocational grant.

6.7 Additional Annual Leave

To provide additional flexibility to employees working arrangements as well as flexible working and leave entitlement, employees will be able to purchase additional annual leave.

Managers may wish to offer a new starter an increased level of annual leave than would normally be available under their contract of employment. This will be for those situations where offering the 'over 5 years' service' rate of by matching the annual leave entitlement provided by their current employer will secure the candidate joining the Authority. It is not expected that this will exceed more than 10 days' leave per year (pro rata for part time employees).

The additional leave will be granted for an initial period of 2 years.

Managers may offer the employee, as an alternative, a cash payment equivalent to the additional annual leave.

The manager is required to advise the HR Office of the additional annual leave entitlement so that the details can be confirmed in writing. This letter is in addition to the employee's contract of employment as the entitlement stated within the contract will be the standard leave entitlement for the post.

If the employee moves to another post, their entitlement to the increased annual leave will cease

If the employee leaves the Authority's employment whilst they are in receipt of the additional annual leave entitlement, they will be required to repay any leave that has been overtaken. This also applies where an equivalent cash sum has been paid.

6.8 **Retention Payments** (used where there is a business-critical risk in terms of activity if an employee or group of employees were to leave)

A retention payment is a lump sum paid to an employee for completion of a specified period of time in a post.

Where the manager has identified the need for a retention payment (either for a vacancy or existing employee, they would complete the Request Form – see section 9. Approval process.

The amount payable will range between 10-20% of the employee's salary.

In some circumstances, managers may wish to pay a one-off amount after a set period of time (e.g. 10% of salary on completion of 2 years of employment) or a graduated amount over a set period (e.g. 2.5% on completion of 1 year, 5% on completion of 2 years, 7.5% on completion of 3 years, and 10% on completion of 4 years).

Retention payments are subject to satisfactory performance in the post. Payments may be withheld should an employee's performance or conduct fall below expected standards and the employee is being managed under a formal process. Advice must be sought from HR before a decision is made to withhold a payment. Where a payment is withheld, the manager is responsible for advising the employee of the reasons for this.

Managers are responsible for including details of applicable retention payments within job adverts

The employee will be eligible for the payment to be made in the first available payroll following completion of the required period of time. The manager is responsible for submitting a request to the HR office at the relevant time so that the payment can be made.

The payment will be subject to tax, national insurance and pension deductions.

The cost of the payment must be met by the employing service unless agreed otherwise with the Chief Finance Officer. The employee will not be required to repay the retention payment if they subsequently leave the Authority's employment.

6.9 Recommend a Friend Scheme (incentive for existing employees to help with recruitment)

The Authority will pay a £250 referral payment to any employee who recommends an external job candidate for a vacancy to which they are subsequently appointed. The referring employee must not be the manager for the post in question or be involved in the recruitment process for the post.

The payment will be made to the referring employee once the employee has successfully passed their probation period (6 months). The cost of the payment must be met by the recruiting service unless otherwise agreed by the Chief Finance Officer.

Once the new employee has successfully passed their probation period, the manager will contact the HR office to arrange for the payment to be made in the next available payroll. The payment will be subject to tax, national insurance, and pension deductions.

The referring employee and the new employee must be employed on a permanent or fixed term contract with the Authority.

The new employee must not have previously applied for the same post or been referred by another source (e.g. recruitment agency). They must also have never previously worked for the Authority.

Both the referring employee and the new employee must be employed by the Authority at the time the referral payment is due. Where either party's contract of employment is under notice of termination, whether given by the Authority or the employee, the Authority reserves the right not to make the payment.

Only one referral payment will be made for each new employee. The applicant must therefore ensure that they only include the details of one referring employee on their application form. No referral payment will be made where more than one employee has been named or where an employee's details have not been included.

There is no limit on the number of referrals that an employee can make and there is no requirement for any referral payments to be repaid if the employee subsequently leaves the Authority's employment.

7. Repayment period

7.1 An employee in receipt of any of the following incentives will be required to remain in the Authority's employment for a period of 2 years otherwise they would be repayable on the following basis, either through the employee's final salary or via an invoice raised by the Authority.

- Golden hello payment
- Relocation expenses
- Additional annual leave
- Retention payment (dependent on when payment made)

If employee leaves in:	Amount repayable
0 – 6 months	100%
7 – 12 months	75%

1 year to 18 months	50%
18 months to 2 years	25%

7.2 The manager is responsible for advising the HR office, as part of the leaver process, of the amount to be reclaimed.

7.3 If the post is not permanent, it must be of two years' duration to qualify for a payment in order to be consistent with the repayment provisions

8. Eligibility Criteria

8.1 Apart from the Recommend a friend incentive, the application of an incentive will only be considered where there is clear and objective evidence to demonstrate 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:

- Recruitment statistics which demonstrate poor response rates to adverts despite the post being advertised using relevant channels
- Shortlisting and interview scores which demonstrate the poor calibre of candidates that the post has attracted
- Employee turnover figures along with feedback from one to one/supervision meetings and exit questionnaires regarding reasons why employees are leaving or seeking alternative employment
- Pay data from public and private sector comparator organisations. This should be from 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 staffing issue is not resolved
- Information showing that there is a national and/or local shortage of skills associated with the post

8.2 Comparator pay rates as a form of evidence will not be used as the sole justification for requesting an incentive payment.

8.3 Pay comparisons should be made on the basis of factors such as the type and size of the organisation, national and regional pay differences, duties of the post as specified in the job description and the qualifications, experience and skills required as set out in the person specification.

9. Approval process

9.1 Where a manager has identified the need for a recruitment or retention incentive, they should complete the Recruitment and Retention Incentive Request Form. Advice on incentives and completing the form may be sought from an HR Adviser. 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 difficulties relating to the post, or

- Evidence to demonstrate the risk to business delivery if employee(s) were to leave
- Details of attempts already made to resolve the issue (e.g. targeted advertising campaigns or development opportunities

9.2 Once completed by the manager, the request must be supported by the relevant Head of Service.

9.3 Finally, the Chief Finance Officer and Head of People Management must be satisfied that there is a genuine business case for awarding the incentive and that the request is supported with tangible evidence. They should also ensure that all relevant factors have been considered including whether alternative actions would be more appropriate. Where necessary, a meeting will be arranged to discuss the request further.

10. Monitoring and review

10.1 The use of recruitment and retention incentives will be reviewed on a regular basis by HR to determine whether the recruitment and/or retention difficulties still exist.

10.2 Managers should ensure that they keep track of comparative market data so that this information can be used as part of the review.

10.3 If following the review, the need for the incentive for the post no longer exists, the manager will be advised accordingly. The employees effected will be issued with the appropriate notice to terminate the arrangement.

11. Relevant legislation and links to other policies and guidance

11.1 Relevant legislation:

- Equality Act 2010
- Equal Pay Act 1970

11.2 Links to relevant policies:

- Probation policy
- Acting and honoraria policy

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