

Human Resources Policy

Version Control Sheet

Title: **PAY SUPPLEMENT POLICY**

Reference No: **HR/P /2021**

Purpose: To secure the consistent delivery of key services to the public by giving managers the ability to retain key postholders and recruit the best possible staff for each post.

Owner: for Corporate Manager People, Governance and Waste
mpage@middevon.gov.uk

01884 234381

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Corporate Manager for People, Governance and Waste

Corporate Management Team

Unison

Cabinet and/or Scrutiny

Document History

This document obtained the following approvals and is valid on the date printed.

Title	Date	Version Approved
Corporate Management Team		
Joint Negotiation and Consultation Committee		

PAY SUPPLEMENT POLICY

1. INTRODUCTION

This Policy contains the agreed approach to be taken in the application, monitoring and review of pay supplements within Mid Devon District Council.

Pay supplements incorporate mechanisms for tackling recruitment and retention problems by temporarily increasing the total pay awarded to a post (without altering the job evaluation determined grade for that post) when it can be shown that the salary range attached to the grade is significantly lower than those offered by a competitor and therefore it impacts adversely on the ability to recruit or retain staff. They also cover methods of recognition and reward.

During times of specific upheaval and change, it may be necessary to secure the delivery of key services and moreover, to retain a particular skill set within the authority using retention payments, market supplements, acting up payments, honorarium and increases in spinal column points.

The objectives of this Policy are:-

- To recruit the best possible staff for each post and enable the Council to mitigate against any adverse impact on its ability to compete in the local labour market by looking at pay supplement payments
- To facilitate flexibility to resource the Council whilst ensuring compliance with equal pay legislation, achieving transparency and adopting best practice.
- To secure the consistent delivery of key services to the public that may be at risk by giving the ability to retain key postholders

2. REFERENCES

The following legislation is relevant and has been taken into account in the drawing up of this Policy:

- Disability Discrimination Act 1995
- Disability Discrimination Act 1995 (amendment Regulations 2005)
- Sex Discrimination Act 1975
- Sex Discrimination Act 1975 (amendment Regulations 2005)
- The Race Relations Act 1976
- The Race relations Act 1976 (amendment Regulations 2000)
- Employment Equality (Religion or Belief) Regulations 2003
- Employment Equality (Sexual Orientation) Regulations 2003

- The Data Protection act 1998
- Employment Equality (Age) Regulations 2006
- Equal Pay Act 1970

3. SCOPE

This Policy applies to all Mid Devon District Council employees. Supplements are only considered where all reasonable methods to improve recruitment or retention have been exhausted, and / or there is considerable risk to service delivery.

4. MARKET SUPPLEMENTS

A market supplement payment is paid in addition to basic salary for a specific individual post or cluster of identical posts. It will be paid where a post has been identified as 'hard to fill' and the Council is prevented from being able to recruit and/or retain existing staff on the salary determined by the Council's job evaluation scheme.

Payment will be:

- used in exceptional circumstances only
- mindful of any equal pay/value considerations, in order to avoid/minimise the potential for challenge on this point
- made as a clearly identified supplement with properly documented supporting reasons, for the amount of payment
- time limited in its application ie the guaranteed period will be up to a maximum of 12 months
- subject to regular monitoring and review
- pensionable
- applicable to all individuals appointed to the post

Any case for the payment of a market supplement must be properly justified, with supporting evidence from the following range of criteria:

- Tangible evidence of a difficulty to recruit or pay related retention difficulties, together with market pay data
- Turnover rates
- Market based salary comparisons with competing local/regional/national employers (both public and private sector)
- Evidence that other retention initiatives have been explored/exhausted (e.g. learning and development opportunities, promoting non-pay benefits)
- Assessment of the impact of a failure to maintain adequate staffing levels in order to ensure service delivery requirements are met

- Exploration of the use of other measures e.g. changes to organisational/working arrangements
- Consideration of the impact on other existing staff within the defined job group
- Robust budget impact assessment

In addition to the criteria above, account should be taken of the wider employment context applicable to the occupational group and whether the payment of the market supplement will address the particular issues underlying the retention difficulties, or whether alternative/additional actions are required.

For example:

- Are the difficulties an indicator of other issues of concern within the service/occupational group, which can be more appropriately resolved by other management action and/or non-pay measures?
- Is there a regional/national shortage for which new/alternative training schemes would be a more appropriate solution?
- Are there more appropriate ways of resourcing/delivering the service rather than through an in house workforce?

It cannot be assumed that simply because other employers offer higher salary levels that Mid Devon District Council will necessarily be able to or should follow suit.

The amount of the market supplement will not be greater than 15% of the top of the salary range for the post.

Market supplements, and the conditions applicable to them, shall be clearly set out and separately identified in any job advertisement and offer/appointment letter.

Market supplement reviews will be undertaken in the following circumstances:

- At least three months prior to the end of the guaranteed period, Human Resources will instruct the Line Manager to commence the review of the market place related to that post and present the findings to the Pay and Grading Group no later than six weeks prior to the end of the guaranteed period.
- If a review indicates that the market supplement is no longer justified, it will be withdrawn. Employees will receive a minimum of one months notice if the market supplement is being withdrawn and the reasons for this decision.
- Failure to present the findings of the review to the pay and grading group within six weeks of the end of the Guarantee Period will result in the withdrawal of the pay supplement with 1 months notice.

5. RETENTION PAYMENTS

Deferred retention payments are paid after an agreed period of employment has been completed, and will only be authorised on the basis of the provision of robust evidence amounting to a material factor (suitable for defending any potential equal pay claims). The following evidence will be required as a minimum:

- defined skills or knowledge of an individual not available elsewhere within the authority which are deemed essential to service delivery, or other equitable material differential
- a written offer of employment with another employer, including details of the terms and conditions being offered
- reasons for leaving are clearly related to remuneration / job security, and not other factors such as dissatisfaction with role, manager, team or organisation
- evidence that other measures have been explored, together with the impact on the team.

Payments may be made at the end of a given period, or staggered throughout the specified period of retention.

Requests can only be brought by management, and will have to satisfy the Pay and Grading Group that there is not an Equal Pay issue. A clear business case detailing the significant impact on service delivery will be required for submission to the Pay and Grading Group following authorisation by Director or the Chief Executive.

Managers will also need to include information in their business case as to why a retention payment is more applicable than a market supplement before any payment can be approved.

Retention payments will be subject to the appropriate contractual conditions being met, e.g. remaining within the Council's employment for a specified period and/or the completion of specific tasks. Individuals will be required to sign an agreement to this effect.

The amount of a deferred retention payment will not be greater than 10% of substantive salary.

These payments will be made in addition to the individual's normal salary but will be subject to the normal income deductions in respect of tax and National Insurance. They are not pensionable.

If a deferred payment is made in stages and not at the end of the period and an individual leaves the Council within the agreed period of operation of the payment, the individual will be required to pay back all monies received under the scheme, except in the circumstances set out in below.

If an individual leaves the Council because of illness, injury, disability or redundancy, the member of staff will not be required to refund payment

During the specified period when a retention payment is being made a Manager will be required to manage the risk of the employee leaving by undertaking the necessary measures such as ensuring the employee shares their knowledge with other colleagues and/or undertaking recruitment to the role.

6. INCREMENTAL PROGRESSION

The Council's financial rules provide Group Managers and above with delegated powers to place an individual on the spinal column point of their choosing, provided it is within the evaluated grade for the post.

In support of this delegated authority, and in order to ensure that equal pay is maintained the determination of an individual spinal column point either at the commencement of employment in the job role or at any other time will be based on objective material factor criteria as follows:-

- Possession of skills, knowledge, experience or qualifications beyond those which are essential to the job which will enhance performance in the role
- Demonstrable accelerated growth in the role beyond that expected (attainment of skills/knowledge/experience).
- An alternative to a retention payment or market supplement where the criteria for such payments is met.

Otherwise, appointment will be to the lowest spinal column point within the evaluated grade for appointments effective between 1 April and 30 September inclusive, the next increment will be applied on 1 April the following year.

For appointments effective between 1 October and 31 March inclusive, the next increment will be six months after the effective date and then 1 April thereafter.

Subsequent increments are payable on 1 April until maximum of scale is reached.

7. HONORARIUM PAYMENTS

An honorarium payment may be made to an employee who is undertaking duties of a higher level than those for which they are graded. This can be related to:

- covering a vacancy
- covering an ongoing absence for more than 4 weeks (such as long term sickness, but not annual leave)
- undertaking work on an ongoing basis which is over and above that expected for the grade of the post
- *a special project/activity – work outside normal scope of duties*

Any honorarium paid should not only be for a justifiable reason, but also clearly calculated. The payment, which is pensionable, should be calculated as follows:-

Full duties and responsibilities of a higher graded post for a continuous period of at least four weeks

An employee who, for any reason other than the annual leave of another employee, is called upon at the request of their Line Manager to undertake the full duties and responsibilities of a higher graded post for a continuous period of at least four weeks, is entitled to receive a salary in accordance with the post temporarily occupied. The salary to be paid in such circumstances is the salary that would apply were the employee to be promoted to the higher graded post; and is therefore expected to be the start of the range for the post.

Partial duties and responsibilities of a higher graded post for a continuous period of at least four weeks

An employee, who, for any reason other than the annual leave of another employee, is called upon at the request of their Line Manager to undertake the partial duties and responsibilities of a higher graded post for a continuous period of at least four weeks, is entitled to receive an honorarium payment.

This honorarium payment is to be calculated by the Line Manager estimating the percentage of duties and responsibilities being undertaken. This percentage is then applied to the financial difference between the salary of the employee covering the duties and the salary they would apply were they to be promoted to the higher graded post.

Example:-

Line Manager estimates that 50% of duties and responsibilities are being covered. The employee covering the duties is paid spinal column point 18 (£16,941 per annum)

The salary that would apply were they promoted to the higher graded post is spinal column point 26 (£21,937 per annum).

£21,937 minus £16,941 = £4,996. This would then be divided by the 12 months = £416.33 per calendar month x 50% = £208.17 gross additional payment per calendar month.

These arrangements will be made for a period of **no longer than six months**. If these arrangements do continue beyond six months or it is anticipated that they will be for a period longer than six months then the duties to be undertaken must be assessed in line with the job evaluation scheme.

Full or partial duties and responsibilities of a higher graded post for a continuous period of less than four weeks

No additional payment is due where an employee who, for any reason other than the annual leave of another employee, is called upon at the request of their Line Manager to undertake the full or partial duties and responsibilities of a higher graded post for a continuous period of less than four weeks.

Full or partial duties and responsibilities of an equivalent graded post for any period of time

No payment is due when an employee who, for any reason other than the annual leave of another employee, is called upon at the request of their Line Manager to undertake the full or partial duties and responsibilities of an equivalent graded post for any period of time.

In accordance with the Council's financial rules, the Line Manager must obtain approval prior to the confirmation of any honorarium by making a request using the Honorarium Payment Approval Form, which must be completed and signed off by themselves and the Group Manager/Director. This should then be forwarded to Human Resources.

8. PROCESS FOR APPROVAL

In order to maintain the integrity of our Job Evaluation scheme, requests for market supplements, retention payments, and honoraria are all subject to additional approval by the Pay and Grading Group. Any such requests will be submitted for consideration at the next available meeting of the Pay and Grading Group following receipt of the authorised request.

All requests must be made on the appropriate application form and all supporting documentation must be attached. The business case for the market supplement, retention payments and honoraria must be robust in order to provide a defence against an equal pay claim.

9. RESPONSIBILITIES

Managers are responsible for making the business case, including carrying out any research, completing the necessary application form and obtaining the necessary level of authorisation prior to submitting the request to Human Resources.

Managers are responsible for ensuring that any proposals in respect of incremental progression and honoraria can be met from their own budget. There will be a central budget for market supplement/retention payments, which will be controlled by Human Resources.

The Pay and Grading Group are responsible for approving market supplements, retention payments and honoraria.

Human Resources will ensure that all the necessary paperwork and information has been submitted, provide the check and balance arrangements in respect of that supporting evidence, ensure that any payments are supported with an objective justification, and will specifically be responsible for identifying reasons for leaving upon receipt of requests for retention payments. Human Resources will review this policy annually to ensure continued relevance.

Human Resources will be responsible for providing an annual summary of:

- the number of applications under each strand of this Policy
- the number of applications approved under this Policy
- the breakdown of applications approved by gender

to the Pay and Grading Group. Data monitoring the application of incremental progression will be reported to each Pay and Grading Group meeting, and annually to the Corporate Negotiation and Joint Consultative Committee.

10. RECORDS

Documents and records generated as a result of the application of this policy will be retained permanently on the individuals personnel file.

Records of will be held permanently on the Council's HR and Payroll information systems.

All records will be maintained and processed in compliance with the Data Protection Act.

11. DOCUMENT HISTORY

Date	Version	Update
1 August 2021	1.9	Corporate Manager for People, Governance and Waste