

Skills Shortage and Retention Allowance policy

1.0 Introduction

- 1.1 Medway Council is committed to the principles of equal pay and uses the NJC (National Joint Council) for the evaluation of all posts on MedPay grades and Social Worker grades and the GLPC (Greater London Provincial Council) Scheme) for the evaluation of all posts graded at Service Manager and above.
- 1.2 The job evaluation scheme does not take account of labour market trends, where market forces indicate pay and benefits being offered significantly exceed that being offered by the Council. It is therefore recognised, that in exceptional circumstances a skills shortage or retention allowance may be considered as an additional payment to basic salary for a specific individual post, or group of posts.
- 1.3 This policy has been developed to ensure the Council has a clearly defined approach to applying recruitment and retention allowances where a genuine business need arises.

2.0 Equalities Statement

- 2.1 Medway Council is committed to providing equal opportunities and access to all. This equalities statement embraces the spirit of managing a diverse workforce and ensures that no employee, including those from same-sex or civil partnerships who are considering and/or going through the adoption process is discriminated against either directly or indirectly or victimised on the grounds of their race, disability, sex, sexual orientation, religion or belief, age, marital or civil partnership status or any stage of gender reassignment.

3.0 Scope

- 3.1 This policy applies to all Medway Council employees.

4.0 Principles

- 4.1 A skills shortage and/or retention allowance may be awarded on either a short- or long-term basis, determined by principles outlined below -

Short Term payments

Short term skills shortage or retention allowances will apply where the labour market conditions indicate that recruitment or retention problems are expected to be short term and where the need for the allowance is expected to disappear or reduce in the next 12 months. The allowance will be applied for

a fixed period not exceeding 12 months. There is no entitlement to the allowance beyond the period for which it has been approved.

Long term payments

A long term skills shortage or retention allowance will apply where the labour market conditions are more deep-rooted and the need for the allowance is not expected to disappear or reduce in the foreseeable future. The allowance may be adjusted subject to a notice period of three months and will cease at the end of 2 years. There is no entitlement to the allowance beyond the period for which it has been approved unless a new application is submitted and approved.

- 4.2 A skills shortage/or retention allowance will only be considered in cases where it is proven that one or more of the following conditions apply:
- There are documented labour market shortages – regional or national.
 - There is a competitive labour market where salary benchmarking data, derived from Cendex as well as information obtained from the Talent Acquisition Team indicates that enhancements to Council evaluated pay rates would be required to attract and retain staff.
 - There is evidence that neighbouring Councils are paying supplements for similar posts and the Council needs to remain competitive in the recruitment market to avoid staffing shortages.
 - There is consistent data showing high levels of turnover, supported by exit interview data, indicating a direct link to pay as a contributing factor.
 - There is evidence to demonstrate that the advertising/recruitment of roles has been unsuccessful.
- 4.3 Our aim is to pay at the median quartile for other similar councils, other public sector employers, the voluntary sector and/or private sector and will consider national, regional, and local salary information. It cannot be assumed that because other employers offer higher salary levels that we will necessarily apply a recruitment or retention allowance. Other factors will need to be demonstrated.
- 4.4 A skills shortage and/or retention allowance will be paid as a separate and clearly identifiable addition to basic pay and should be paid to all postholders in the relevant post. They will form part of an employee's overall pay and will be subject to tax, national insurance, and pension contributions.
- 4.5 A skills shortage and/or retention allowance will be highlighted as part of an employee's salary when mortgage application references are being completed and total income calculations are being carried out.
- 4.6 A skills shortage and retention allowance will be clearly set out in the employment contract together with notice provisions.

- 4.7 A skills shortage and/or retention allowance will take account of any equal pay/value considerations, in order to avoid/minimise the potential for challenge on this point.
- 4.8 A skills shortage and/or retention allowance will be paid at the pro rata rate for part time staff.

5.0 Procedure for Skills Shortage and/or Retention applications

- 5.1 In order to ensure that the allowance is only paid where there is transparent evidence the Head of Service will be responsible for completing an application in discussion with their HR Business Partner. All applications for a skills shortage and/or retention allowance will be considered and approved, where appropriate, by the Director, Chief Finance Officer, and Chief Organisational Culture Officer.
- 5.2 It is imperative that applications for a skills shortage and/or retention allowance are clearly supported by evidence.
- 5.3 The post or group of posts in question must be identified (post number(s), post title, range, number of post holders including vacancies).
- 5.4 An application for a skills shortage and/or retention allowance must meet all of the following criteria:
- Evidence of pay-related recruitment and/or retention difficulties against a range of indicators (e.g. Turnover rates; Exit surveys; Stay interviews; Responses to job advertisements or other recruitment initiatives; details of other measures taken to boost recruitment and/or improve retention and the outcome).
 - An explanation (with evidence) of the impact on service provision and delivery resulting from failure to recruit/retain sufficient numbers.
 - Market-based salary comparisons from posts which are the same in terms of duties and responsibilities, or broadly similar in terms of the required knowledge, skills, and responsibilities with competing local/regional employers (both public, voluntary, and private sector).
 - Only used after other recruitment initiatives have been explored/exhausted (e.g. innovative/targeted advertising, promoting the advantages of living and working in Medway, promoting non-pay benefits)

6.0 Payment Amount and type

- 6.1 The skills shortage allowance, should not exceed more than £5,000 per annum. Any decision to exceed this amount will require approval by the Chief Executive. The skills shortage allowance will be paid in equal monthly payments until the expiry date.
- 6.2 The retention allowance, should not exceed more than £3,000 per annum. The payment will be subject to special conditions being met, e.g. a qualifying

period before the payment is made and/or remaining within the Council's employment for a specified period.

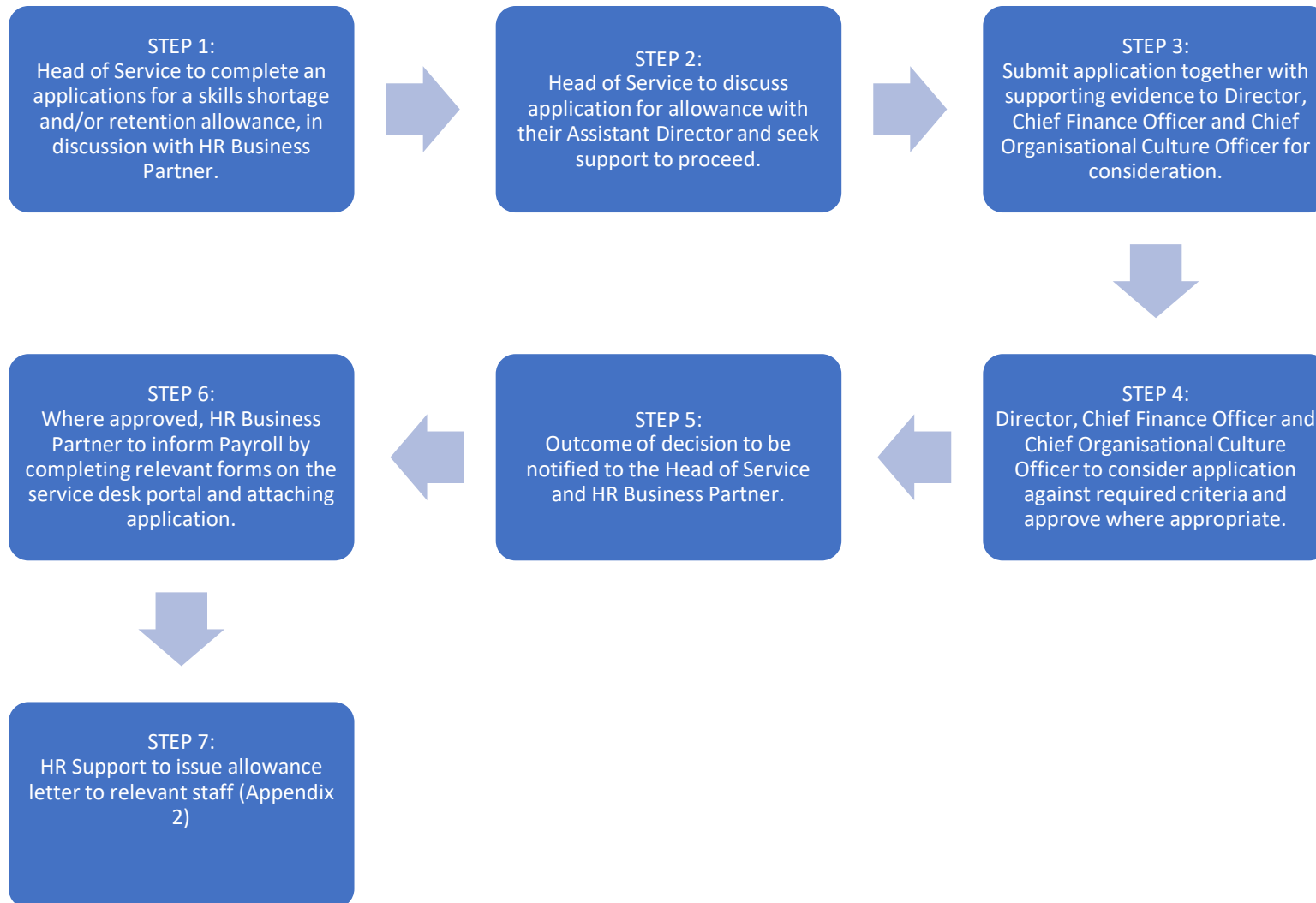
7.0 Appendices

Appendix 1 – Application process

Appendix 2 – Application form

Appendix 3 – Template letter for employee

APPENDIX 1 – SKILLS SHORTAGE ALLOWANCE/RETENTION ALLOWANCE PROCESS



APPENDIX 2 - APPLICATION FOR PAYMENT OF A SKILLS SHORTAGE/ RETENTION ALLOWANCE

To be completed by the Head of Service in consultation with the HR Business Partner.

1. POST DETAILS

Post title	
Directorate	
Service	
Post grade and salary range	
Is this a new or existing post?	
Post number (s)	
Number of staff in this post (include and identify any vacant posts)	
Is this a new application for approval or continuation of an existing one?	

2. TYPE OF ALLOWANCE REQUESTED (please tick)

Skills Shortage Allowance	
Retention Allowance	
Both	

3. SHORT TERM OR LONG TERM ALLOWANCE (please tick)

Short Term (max 12 months)	
Long Term (max 24 months)	

4. REASON FOR APPLICATION

Please provide supporting evidence where appropriate.

a) What evidence is there relating to recruitment and/or retention difficulties?

In this section you should include information such as turnover rates; exit survey data; Stay interview data; Responses to job advertisements or other recruitment initiatives; details of other measures taken to boost recruitment and/or improve retention and the outcome).

b) Please provide an explanation of the impact on service provision and delivery resulting from the failure to recruit/retain sufficient staffing. Include information such as how you are currently covering the vacancy and associated costs.

c) Does this role feature on the [shortage occupations list](#) published on the gov.uk site?

YES/NO (delete as applicable)

If YES, please provide the shortage occupation code.

d) Please provide market-based salary comparisons from posts which are the same in terms of duties and responsibilities, or broadly similar in terms of the required knowledge, skills, and responsibilities with competing local/regional employers (both public, voluntary and private sector)

If you are providing information about external rates of pay for similar posts, please attached recent adverts.

e) Please summarise any other action that has been taken/considered to overcome recruitment or retention issues. (Eg. Innovative/targeted advertising, promoting the advantages of living and working in Medway, promoting non-pay benefits, flexible working.

f) Who else could be affected by this application? For example are there any other posts/departments that could be affected.

5. PAYMENT AMOUNT AND TYPE

(i) Skills Shortage Allowance

Total amount of payment requested	£	per annum
Proposed start date:		

(ii) Retention Allowance

Total amount of payment requested	£	per annum
Proposed start date:		

Special Conditions – *amend as appropriate

The annual retention payment is subject to the following criteria being met –

- Must have been in post for a period of xxx months/years to qualify for payment.
- In post as at 31 March each year
- Not subject to any formal disciplinary or capability process
- Performance level – achieved
- Not submitted a resignation prior to the payment being made

Other – please specify below

6. HEAD OF SERVICE SUBMITTING THE APPLICATION

Signature	
Job Title	
Directorate	
Service	
Date	

7. HR BUSINESS PARTNER APPROVAL

- (i) I agree that the payment of a skills shortage and/or retention allowance is appropriate in this instance and that all the necessary checks have been carried out in accordance with the policy.
- (ii) I confirm that the total amount of allowance *does not exceed/exceeds the maximum amount and therefore *will/will not require approval by the Chief Executive.

Signature	
Job Title	HR Business Partner
Date	

8. RECORD OF DECISION

Skills Shortage Allowance	Approved	Not Approved
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Amount approved	£
Duration	12/24 months
Effective Date	
Reason for decision (if not approved)	

Retention Allowance	Approved	Not Approved
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Amount approved	£
Duration	12/24 months
Effective Date	
Reason for decision (if not approved)	

9. AUTHORISATION

Print Name		Sam Beck-Farley	Phil Watts
Job Title	Director	Chief Organisational Culture Officer	Chief Finance Officer
Signature			
Date			

10. AUTHORISATION BY CHIEF EXECUTIVE (if applicable – see 7(ii))

Signature	
Job Title	Chief Executive
Date	
Comments	

APPENDIX 3 – DECISION LETTER TO EMPLOYEE

Dear

Re: Skills Shortage Allowance or Retention Allowance

I am pleased to be able to inform you that a skills shortage allowance and/or retention allowance has been applied to your post as [Insert Post Title]. The details of the award are listed below:

Duration:

Date effective:

End date:

Amount: £ per annum

You will begin to receive the skills shortage allowance in your salary with effect from [insert month].

And/or

You will be eligible to receive a retention allowance on 1 April 20xx. This payment is subject to the following conditions:

- Must have been in post for a period of 12 months/2 years to qualify for payment.
- In post as at 31 March each year
- Not subject to any formal disciplinary or capability process
- Performance level – achieved
- Not submitted a resignation prior to the payment being made
- Other – please refer to application submitted

Should you wish to discuss the content of this letter further, please do not hesitate to contact me by telephone on xxxxxxxx.

Your sincerely