

Retention Payments Policy



Walsall Council

Version Control

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| Purpose | To provide an additional tool to support the retention of employees in jobs where the council cannot retain long term suitability skilled employees, which impacts on the provision of council services. | | |

This policy links to:

- Corporate Plan
- Walsall Proud Programme
- Job Evaluation and Grading Policy
- Market Supplements Policy
- Equality & Diversity Protocol
- Workforce Strategy
- Behaviour & Standards Framework
- Recruitment and Selection Policy
- Pay Policy Statement

This list is not exhaustive.

For further advice or guidance on this policy, or if you would like this information in another language or format please contact:

HR Operational Services Team

Telephone: 01922 655656

Text phone: 01922 654000

Email: hrdoperationalservices@walsall.gov.uk

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1.0 Introduction

- 1.1 Walsall Council is PROUD. We are proud of our past, our present and for our future. The council is committed to reducing inequalities and ensuring all potential is maximized and its employment policies, procedures and guidelines are designed to support this vision and deliver the council's priorities.
- 1.2 The council is committed to creating an environment that provides opportunities for all individuals and communities to fulfil their potential and this policy provides a framework in which employees will be supported to deliver the council's priorities in line with the council's expected behaviours and values; professionalism; leadership; accountability; transparency and ethical.
- 1.3 The council's values and behaviours will be at the core of everything the council deliver and through a culture of continuous improvement the council will increase performance, efficiency and champion the design of services to meet the needs of customers. As a digital by design council, employees will be empowered to deliver new ways of thinking and new ways of working, encouraging innovation and creativity in a learning environment. The council is committed to technological investment to deliver transformation in order to improve the efficiency and effectiveness of its services, both internally and externally.
- 1.4 This policy framework promotes the council's strategic priority of internal focus ensuring all council services are effective and efficient and helps embed the behaviours and values expected of all employees as part of the Behaviour and Standards Framework.
- 1.5 The purpose of this policy is to provide an additional tool to support the retention of employees in jobs where the council cannot retain long term suitability skilled employees, which impacts on the provision of council services.
- 1.6 This policy aims to ensure that the council is able to retain highly skilled employees by offering competitive salaries through the provision of a fair and transparent system where a retention problem has been identified.
- 1.7 This policy helps to ensure that the council meets the requirements of equal pay legislation and is not discriminatory in applying a retention payment to a post.

2.0 Scope

- 2.1 This policy applies to all council employees (with a minimum of 12 months service);
- 2.2 With the exception of;

- 2.2.1 Directors, Executive Directors and the Chief Executive;
- 2.2.2 School-based employees/workers where the governing body has delegated authority and for whom separate arrangements apply.
- 2.3 This policy does not apply to contractors, consultants, agency workers, or any self-employed individuals working for the council.

3.0 Principles

- 3.1 Retention payments are discretionary payments, constituting a temporary addition to basic salary and are subject to PAYE deductions (tax and National Insurance) and form part of pensionable pay.
- 3.2 Retention payments may be applied where there are risks associated with workforce instability and concerns regarding retaining suitably skilled employees in the mid to long term, and where a market supplement payment has previously been considered but is not deemed suitable to address the retention challenges (i.e. where the current salary is comparable to the market but retention issues remain and all other options have been considered and exhausted and still having problems retaining staff).
- 3.3 Retention payments are normally only considered in exceptional circumstances where there is clear evidence that a failure to retain a stable and well performing workforce in an area, presents serious risks to the effective delivery of high profile, statutory or regulatory services.
- 3.4 Walsall Council is committed to the principles of equal pay and seeks to ensure that employees receive equal pay for work of equal value. The grading of all relevant posts is therefore determined in accordance with the Job Evaluation and Grading Policy. The award of a retention payment does not alter the job evaluation determined grade for the post.
- 3.5 Managers must take care to ensure that retention payments do not expose the council to potential equal pay claims and in considering the application of a retention payment must give due regard to any equalities implications ensuring consistency, fairness and transparency is applied throughout.
- 3.6 The law requires that to ensure equal pay principles, retention payments are only awarded in cases where a 'genuine material reason' can be demonstrated for the payment. If a retention payment is introduced to a particular post in a particular team, it will not automatically apply to the same type of post in a different team, like wise it may not apply to all employees in that post/team, as the rationale for applying the payment will be linked to specific criteria in relation to both employee eligibility and also external factors justifying the need for a retention payment at that point in time as set out in the request form.

- 3.7 Where an existing retention payment has been approved for an employee or employees in a particular post and team, any new payments for all eligible employees will also need to be individually requested and agreed through the submission of a request form at the appropriate time where a genuine material reason will need to be demonstrated. At any point in time where a genuine material reason for the payment can no longer be evidenced then all existing retention payment arrangements (for the same post and team) must also be reviewed and re-moved with consultation and notice as appropriate. It is therefore recommended that managers review retention payments on a regular basis and as and when necessary or appropriate.
- 3.8 Retention payments can only be applied to employees with at least 12 months service with Walsall Council in the relevant post and team to which the retention payment is being applied, as set out and justified in the request form.
- 3.9 Eligible employees will only receive a retention payment whilst they remain continuously employed in the post that was awarded the retention payment through approval of a request form referencing that particular employee.
- 3.10 Retention payments will continue to be paid through periods of maternity leave or sickness absence.
- 3.11 Retention payments for part time employees will be paid on a pro rata basis.
- 3.12 If the post holder is promoted, seconded or appointed to another position which is not subject to a retention payment, the payment will cease with effect from the date of their commencement in the new position.
- 3.13 Where an employee is in receipt of a monthly paid retention payment, they will not receive the payment for the duration of any notice period, this applies when the employee resigns and also to any notice period that may be issued to them by the council (e.g. following a dismissal decision).
- 3.14 Retention payments are purely discretionary, they do not form part of employee's contract of employment and may be amended or removed following review at the council's discretion. If a payment is made to an employee in respect of a particular year there shall be no obligation for the Council to make any subsequent payments.
- 3.15 Following a review where a retention payment is to be reduced or removed earlier than the original end date, managers are advised to consult with the affected employees and must provide employees with a minimum of one month's written notice.
- 3.16 There is no right of appeal against a decision to reduce or remove an existing retention payment.

4.0 Accountabilities

4.1 Managers are accountable for the following;

- Applying this policy and procedure consistently, fairly and objectively in accordance with the council's vision and purpose and clearly demonstrate the council's management behaviours and values, seeking further advice and guidance from HR where necessary;
- Identifying the specific posts for which retention payments may be appropriate and with advice from HR completing the retention payment request form containing appropriate justification and evidence;
- Monitoring and reviewing any individual retention payments on an ongoing basis, carrying out formal reviews as required and taking appropriate action in relation to extending, ceasing or amending the payment in accordance with this policy, within required timescales and in consultation with HR;
- Confirming in writing to the employee the details of any retention payment at the point it is applied to the post and upon any extensions / amendments / withdrawals. The manager must ensure a copy of this confirmation is placed on the personnel file.

4.2 Employees are accountable for the following;

- All employees should support the delivery of the council's vision and purpose, clearly demonstrating the council's behaviours and values;
- Actively engage in employment practices and processes in which they are involved and ensure they understand this procedure, seeking further advice and guidance from managers where necessary;
- Comply with the requirements of this policy and procedure.

5.0 Procedure

5.1 Where a manager can objectively demonstrate that there are retention issues with regards to a particular post or posts a discretionary retention payment may be paid in addition to the basic salary of a post or a group of posts.

5.2 Managers must be able to demonstrate that the following criteria can be met and considerations made when submitting a request to pay a retention payment to an individual employee or a group of employees.

- That there is a retention issue that can be evidenced by up to date turnover data and exit interviews indicating reasons for leaving;
- The impact that the retention issue is having, e.g. on service delivery, use of agency workers, outcomes from inspections/reviews where there is a need to maintain a stable skilled and experience workforce;
- That the retention issue cannot be resolved by means other than pay;

- That other means to address the retention issue have been considered (such as the nature of the work, remodeling ways of working, working conditions, offering promotion opportunities, and training and development opportunities) and an explanation as to why they have not addressed the issue;
- That the retention issue is not as a result of an internal issue that can be addressed by other means, e.g. personal circumstances of the employee, performance concerns;
- That the payment of a market supplement has been considered and is not appropriate based on market forces benchmarking.

Evidence of the criteria and considerations above must be submitted as part of the request for a retention payment to be made.

- 5.3 When determining the amount of payment managers should consider the costs associated with the retention issues, such as recruitment and agency costs, as payments will be made from existing service area budgets.
- 5.4 Retention payments must be fully justified through a retention payments request form and must outline the minimum service eligibility, the specific and individual payment schedule deemed to meet business needs and the proposed review dates.
- 5.5 Individual retention payments will be paid on a monthly basis and should remain a fixed amount throughout the period of 1 year, however the monthly payments can vary from set period to set period to support retention needs where applicable (e.g. X amount in year 1 increasing to Y amount in year 2, increasing to Z amount in year 3) and this must be set out in the request form. The total maximum payments that can be paid in any one year must not exceed a value of 15% of annual basic salary at the point the retention payment commences. The amount will not be subject to change in line with incremental progression or national pay awards.
- 5.6 Retention payments will be awarded for a specified period of time, not exceeding 36 months and this specified period of time will need to be outlined in the request form.
- 5.7 A request to extend the payment beyond 36 months may be submitted (following a full review) and must demonstrate that it meets the appropriate criteria for the extension, justifying that the need for a retention payment continues to be a requirement. Requests can be submitted for approval for extensions for up to a further 24 months. Once a 5 year period has expired, managers must complete a new request form to re-start any retention payments.
- 5.8 Managers must complete the retention payment request form in consultation with HR and Finance and obtain authorisations from their Executive Director and the Director of HR.

- 5.9 Managers are responsible for reviewing the need for retention payments on a regular basis throughout the retention period to ensure they continue to be fit for purpose. Reviews may result in the payments staying the same, being increased, decreased or ceasing. Any proposed changes to the payments during the retention period will require an amended and approved request form (unless the change was originally proposed and agreed in the initial request form, where this is the case managers should inform payroll at the relevant change points in time to ensure the changes have been made). As a minimum managers should conduct a review no less than 3 months prior to the expiry to ensure any extensions or amended requests can be considered and authorised, otherwise payments will automatically cease at their expiry date.
- 5.10 Managers can review the payments at any point as and when necessary/appropriate and may specify particular review periods on the initial request form. Any set review periods should be confirmed in the employee's confirmation letter and indicating the potential for the payments to be reviewed and amended or removed accordingly during the retention period.
- 5.11 Where the review results in a change to the retention payment, the request form must be updated with additional / amended evidence (refer to 5.2) and submitted for authorisation. Review documentation will be submitted for authorisation to the Executive Director and Director of HR.
- 5.12 Where a change to the payment results in a decreased payment or removal of the payment, the employee is entitled to one month's written notice, in addition, it would be advisable to consult with the employee throughout the process, so that they are aware of the review and the proposed change prior to its approval.
- 5.13 Managers should be mindful, not to verbally confirm any new payments, continuing payments or increased payments until full authorisation has been obtained on the appropriate form.