Management Guidelines for the Use of Market Supplements and Direct Appointment of Agency Employees in Exceptional Circumstances

1. Introduction

Cabinet agreed as part of the Building a Healthy Organisation report to make use of market supplements and direct appointment of agency employees in exceptional cases.

2. Market Supplements

2.1 In order for a market supplement to be introduced there must be a proven difficulty in recruiting to a particular area or in retaining employees. A business case will need to be put together by the applicable Head of Service assisted by the appropriate Personnel Manager which may include the following:

- any national or regional surveys showing a shortage in that particular occupation
- numbers of vacancies in the job category(ies) concerned
- turnover rates over past 12 months
- details of recruitment advertisements and/or other initiatives including dates of adverts, where posts were advertised and response rates
- the impact on services of posts not being filled
- any alternatives to recruiting to posts which are in place and comparative costs.
- remuneration levels in other comparable organisations for similar posts

A form for this information is attached as the Appendix.

2.2 Pay data for other London local authorities for certain posts is collated by the Association of London Government and sent to Corporate Human Resources. Corporate Human Resources also have reports from Incomes Data Services on certain occupations. Comparative information can also be obtained from recruitment advertisements.

2.3 Market supplements can be paid as an additional percentage on earnings or as a lump sum.

2.4 In Havering, supplements have generally been paid monthly but it may be advantageous to pay the additional amount at the end of a 3 or 6 month period to assist with retention.

2.5 An employee's continued entitlement to a market supplement will be subject to a manager determining that he/she has achieved satisfactory performance in the post. This will be determined taking account of the employee's last PDPA.

2.6 A market supplement should be initially for a fixed period, and must be reviewed at least annually to see if it has proved effective in enabling recruitment and retention of employees and whether the salary levels are still in line with other organisations. After this period, supplements can be retained, adjusted or withdrawn if no longer needed. The review position will have to be made clear in contracts of employment.

2.7 Any market supplements that are introduced will need to be funded within salary budgets normally by holding vacancies open or through another agreed budgetary provision.

2.8 The use of a market supplement must be approved by the Lead Members for Human Resources and the relevant service using Executive Decision sheet form A. The Approval of a Market Supplement Form should be attached.

3. Direct Appointments

3.1 There have been cases where the Council's need to recruit has been frustrated by its recruitment and selection procedures, for example where previous attempts at recruitment have proved unsuccessful and where agency employees cover vacancies.

3.2 The Lead Members for Human Resources and the relevant service can agree to the direct appointment of staff without having followed the Council's recruitment & selection policy, where there is a clear operational need or financial benefit to the Council. Approval for this should be obtained using Executive Decision sheet form A.

4. Equalities

4.1 Market-related supplements must be payable to staff in identical posts or within an agreed area of work regardless of race, gender or disability. These payments are additional to those normally made under job evaluation but any challenge on equal-value grounds can be resisted if the payments are justifiable on market grounds.

4.2 For direct employment of agency employees, the appropriate Executive Director or Head of Service must ensure that no particular group would be disadvantaged through making the appointments.