

## APPENDIX A

### National Negotiating Council (NNC)

#### Standing Committee for Probation Chief Officer Grades (SCCOG)

#### Guidance: Market Forces Supplements

##### Introduction

1. A Market Forces Supplement (MFS) is an addition to the pay of an individual post, or a specific group of posts, where market pressures would otherwise prevent a Probation Board from being able to recruit or retain staff for the post(s) concerned at the salary determined by the normal job evaluation and pay arrangements.

Market Forces Supplements are designed to address retention in addition to recruitment issues.

##### National Scheme

2. Market Forces Supplements should only be authorised and paid in accordance with this nationally agreed scheme. Decisions must be objectively justified by a documented Business Case which should be forwarded to the Joint Secretaries who will retain records for monitoring purposes.
3. A MFS is expressed as a cash sum and is separately identifiable from basic pay. It ranks for pension purposes but is not enhanced when either unsocial or excess hours are worked. In the interests of transparency, MFS payments are not paid through the salary spine.
4. Market Forces Supplements apply to posts and not to post holders. Where an employee moves to a post which does not attract a MFS, either within the same Probation Board or elsewhere in the National Probation Service, his/her entitlement to any previous MFS will cease.
5. Prior to the proposed introduction of a MFS, there should be consultation with the trade union(s) at local level.
6. When considering the introduction of a MFS, reference should be made to Guidance Notes on Market Forces payments published by the Equal Opportunities Commission (EOC).

##### Assimilation

7. The respective NNC and SCCOG Pay and Conditions of Service Modernisation Agreements and the Guides to Implementation outlined the basis of the assimilation to new pay arrangements on 1 April 2006 together with the associated protection arrangements.

8. Assimilation on 1 April 2006 involved the removal of recruitment and retention payments that were in existence on 31 March 2006 and paid through the salary spine. Such payments are protected for 3 years from 1 April 2006 and where these payments rank for either unsocial or excess hours enhancement, this practice is protected for the same period. In the event of the implementation of a MFS during this protected period, payment of the former Recruitment and Retention supplement would cease unless the latter payment is greater.

In such circumstances, the MFS payment would be made up to the former Recruitment and Retention supplement for the duration of the protection period. The process outlined in this Guidance must also be followed when it is proposed to replace a former recruitment and retention payment by a MFS.

### **Transitional Arrangements**

9. After 1 April 2006 but prior to the publication of Guidance on Market Forces Supplements and/or the implementation of the 2006/2007 pay and grading review, allowances could still be paid through the salary spine in accordance with the existing provisions, through the Transitional Arrangements payments.

Under these arrangements, the circumstances and reasons for payment of such allowances paid through the salary spine should have been made clear to newly appointed staff and fully detailed in letters of appointment. This must have included an explanation that such payments would be protected for a period to 31 March 2009 when they would cease. Such Transitional Arrangements payments are pensionable. Where the payments were for recruitment and retention or were London Fringe Allowances it must also have been detailed that such payments could be replaced by either a Market Forces or Geographical Supplement where grounds exist to justify payment.

10. Payment of these Transitional Arrangements payments cease in the event of subsequent approval being given to the payment of a MFS payment. Where the relevant MFS payment is less than the Transitional Payment then the difference between the former Transitional Arrangements payments and the MFS payment would continue to be paid until 31 March 2009.

For example: A NNC employee in post A (Pay Band 2) had a basic salary of £15,080 on 2 April 2006 and a £407 pay supplement, under the 2006/2007 assimilation arrangements. This pay supplement had been paid formerly under Section III 3 (c) of the NNC Agreement 2001 for reasons of serious recruitment and retention difficulties but had now been removed from the salary spine. A second identical post B was vacant and there were continuing serious problems filling this post. In such circumstances, a new entrant was recruited on 1 May 2006 on a basic salary of £15,080 together also with a Transitional Arrangements payment of £407 – payable up to 31 March 2009.

The reasons for the payment of this supplement (viz: recruitment and retention) had been explained to the individual and fully detailed in the letter of appointment to include the pay protection arrangements. A justification for this Transitional Arrangements payment was placed on file.

On 1 February 2007, approval was given for the payment of a £500 Market Forces Supplement to posts A and B. As a consequence, the Transitional Payment of £407 ceased from 31 January 2007.

### **Recruitment and Retention: Prior Considerations**

11. To ensure consistency in the application and payment of all Market Forces Supplements, Probation Boards should adhere to the following protocol:
  - a) Where the issue relates to recruitment, the vacancy must have been advertised in the local, national & professional media, placed with employment agencies, etc, as appropriate.
  - b) Before consideration is given to the implementation of a MFS, and particularly where retention is an issue, aspects to be considered should include:
    - A review which examines issues such as:
      - Non-pay benefits (e.g. childcare, flexi-time, training opportunities, etc.)
      - Greater innovation in the deployment of staff.
      - What improvements can be made to the recruitment process (e.g. more targeted advertising, etc.)
      - Likely future availability of trainees.
  - c) Where further advertising has produced no suitable applicants, the human resources manager and line manager concerned should further review the reasons for the lack of response.

However, only after it has been concluded that the recruitment and retention problem cannot be resolved more effectively through other actions should the introduction of a MFS be considered.

### **Documentation, Approval and Monitoring**

12. Decisions to introduce a MFS must be objectively justified and documented in a Business Case which should include the aspects previously detailed in 11b above.
13. Each MFS Business Case must be formally approved by the Probation Board through the Chief Officer, or her/his nominated deputy, and be forwarded to the Joint Secretaries who will retain records for monitoring purposes. Joint Secretaries may seek further information, if necessary, to ensure payments are consistent with EOC Guidance on Market Forces payments.
14. Market Forces Supplements should be reviewed at least annually, by the Probation Board in consultation with the trade unions. Such reviews should be documented. Payment should be withdrawn, or the value adjusted, where objective reasons no longer exist to justify continued payment subject to a notice period of three months.
15. Normally, an MFS would not exceed 10% of the minimum salary for the Pay Band concerned.

## Joint Secretaries

16. In the event of further issues arising in respect of these arrangements, the matter(s) should be referred to the Joint Secretaries.

## Annex A

### Example: Market Forces Supplement (MFS) Business Case

Post: Finance Manager

Location: Langport

Probation Service: Northamptonshire

#### Principal Duties

1. Manages finance section on a day to day basis, ensuring financial controls are operating.
2. Provides treasury management function.
3. Produces VAT returns.
4. Manages and maintains financial system; installs, maintains and supports software changes; implements developments to enhance service delivery.
5. Provides budget management information to managers; works with budget managers to improve quality of budget monitoring.
6. Develops and delivers financial training for non-finance staff.
7. Manages the finance team, including initial and ongoing training.
8. Manages day to day activity, including creditor payments, debtor billing, lease car scheme.
9. Closes year end accounts; assists Treasurer with preparation of final accounts.

Job evaluated NNC Pay Band : 5 Pay band range £31,838 to £36,914

#### Actions taken so far to fill the current vacancy

The post of Finance Manager was advertised in the following publications:

- Langport News – 15<sup>th</sup> October
- Northamptonshire Gazette – 17<sup>th</sup> & 24<sup>th</sup> October
- Accountancy Review (professional publication) – October edition.

These advertisements generated 4 applicants of which 2 met the minimum competencies required of the post. Both applicants were invited for interview and one was considered suitable for the post. An offer of employment was made but was declined for salary reasons.

The post was also placed with the following recruitment agencies on the following dates:

- Finance Recruitment – 14<sup>th</sup> October
- Abacus Accountants – 15<sup>th</sup> October.

No suitable candidates were submitted by the agencies who both indicated that the salary offered was uncompetitive.

On 14<sup>th</sup> November, the Human Resources Manager and Director of Finance met and agreed the following further actions:

- Following a review of the job advertisement copy, the post was re-advertised in the Northingtonshire Gazette on 29<sup>th</sup> November and also in professional publications Accountancy Review (November) and Finance Matters (November).
- The job advertisement copy placed more emphasis on non pay benefits such as final salary pension scheme, annual leave entitlement and training opportunities.
- Post was placed on internet recruitment boards 'E-recruits' and 'Totally Finance'.

The foregoing generated 5 applicants of which 3 met the required minimum competencies. All 3 candidates had current salaries above the advertised starting salary. As a consequence, the position remained unfilled.

#### Market Rate Data

##### i) 'Accountancy Matters' Salary Survey (2006) reported following data:

Area covered: Northingtonshire (including Langport)

Finance Manager (all sectors)	Lower quartile salary	£35,000
	Median salary	£38,000
	Upper quartile salary	£41,000
	Number of posts in survey	24

##### ii) Public Sector 'Reward Salary Survey (2006)

Area covered: Northingtonshire & Buckie

Finance Manager (Civil Service)	Lower quartile salary	£34,000
	Median salary	£36,500
	Upper quartile salary	£37,900
	Number of posts in survey	12
Finance Manager (Other Public Sector)	Lower quartile salary	£33,700
	Median salary	£37,000
	Upper quartile salary	£38,000
	Number of posts in survey	12

#### Further information

Annual Staff Turnover	Northingtonshire Probation Service	- 12%
	UK average (all sectors)	- 15%
	(source: CIPD)	

There have been three Finance Managers job holders in past two years, two indicated that improved salary was reason for leaving in exit interview/questionnaire.

Recommendation

The introduction of a Market Forces Supplement of £3,200 to provide a revised salary range of £31,838 plus £3,200 MFS (viz. £35,038) to £36,914 plus £3,200 MFS. (viz. £40,114)

Proposed implementation date

Signed:

Signed:

Dated:

Dated:

Finance Director

Human Resources Director

Approved:

Dated:

Chief Probation Officer

Date notified to Joint Secretaries: