THE NHS STAFF COUNCIL
WORKING IN PARTNERSHIP

LOCAL RECRUITMENT AND RETENTION PREMIA: TOP TEN TIPS FOR NHS ORGANISATIONS

The Agenda for Change pay system provides employers with local flexibility to pay recruitment or retention supplements in response to local labour market pressures.

“A recruitment and retention premium is an addition to the pay of an individual post or group of posts where local market pressures would otherwise prevent the employer from being able to recruit or retain staff in sufficient numbers for the posts concerned at the normal salary for the job of that weight. (Paragraph 5.1 of the Conditions of Service Handbook)

Guidance on applying for and paying local Recruitment and Retention Premia (RRP) has already been approved for organisations in Scotland ¹, Wales ² and Northern Ireland³.

In England the London NHS Partnership has developed Pan-London guidance with the aim of ensuring a consistent and collaborative approach to the payment and review of local RRP’s.⁴

These are the top ten issues which employers in collaboration with local staff side should be considering.

1. Consider the types of posts that you have difficulty recruiting to.

Local premia may help to address difficulties in recruiting to posts which are particularly influenced by local labour market pressures. These tend to be jobs for which there is also considerable demand outside of the NHS and the wider health sector. Examples of these could be jobs in IT, finance, HR, administration, estates and pharmacy.

Local premia may enable the NHS to better compete with employers outside of the NHS for staff when individuals get better levels of pay outside of the NHS in their locality.

The use of local premia will not necessarily be effective where there is a shortage in supply of a particular profession of skill.

Ensure that there is information available on the current and future supply of a particular profession prior to making a decision to award a local premia. It will be important to ascertain whether such premia should be awarded on a short term basis where the requirement for RRP is expected to reduce in the foreseeable future or on a long-term basis where the need for such a payment is not expected to reduce significantly in the foreseeable future.

1 CEL(2009)41 15/10/2009 The Scottish Government Recruitment & Retention Policy
2 NHS Wales ‘Protocol for Paying RRP December 2004
3 HSS (AIC) (7) 2007 Department of Health, Social Services and Public Safety (Northern Ireland)
4 “Agenda for Change RRP“
4 London NHS Partnership Recruitment and Retention Premia (RRP) Pan London Policy (Draft 2009)
2. **Know your local labour market**

Local employers are best able to assess the local labour markets in which they operate, e.g. whether there are local skills shortages, the extent of external competition, what other employers are paying for comparative jobs, whether new employers have been established in the locality as well as housing and travel costs which can impact on recruitment.

Information should be collected about pay and conditions offered by other employers in the area. This may include monitoring Information from local press recruitment advertisements or from the job centre. Which other local employers are also advertising similar posts?

Speak to other NHS organisations and access the labour market intelligence that is available from a number of sources including Strategic Health Authorities.

Funding is available in local PCT budgets to reflect local labour market forces and could be used to support funding of local RRPs. The staff index of the “Market Forces Factor” (MFF), an index of the relative differences in unavoidable costs faced by NHS organisations, is based on variation in wages in the private sector. The MFF takes into account the direct costs of employing staff as well as additional expenditure associated with higher than average turnover and vacancies in areas where NHS pay rates are below the going rate for the area as a whole. The staff index is the largest part of the MFF, making up 67% of it. Full details about the MFF can be found in PbR and the Market Forces Factor on the Department of Health website.

3. **Advertise all new vacancies with NHS Jobs**

NHS Jobs attracts more visits than any other recruitment web site. Vacancies can be advertised in real time thus eliminating any unnecessary delay.

NHS Jobs also has a facility which enables newly qualified healthcare professionals to post their profiles. This enables recruiting organisations to be aware of the pool of newly qualified professionals that are seeking work within the NHS.

4. **Consider why recruitment is difficult.**

Issues to consider may include:-

- The number and quality of the applications that were received.
- Checking relevant national vacancy data to ascertain whether this is a local or national problem.
- The extent to which the level of pay is the problem and, if applicable, what other sectors are paying for an equivalent post.
- Are there any non-pay improvements which could be made to the employment package (e.g. training opportunities, childcare, non-cash benefits, support with relocation),
• Are there any planned increases in the supply of staff within the profession that will negate the need for a longer term solution.

5 Consider retention difficulties

Where retention of staff is proving difficult consideration may be given to whether a pay premium would improve the situation.

• Is there any evidence of the reason why staff are leaving e.g. from exit interviews, staff surveys or other feedback sources

• Is there evidence to indicate that pay is a major factor or can retention problems be addressed by other means e.g. ensuring non-pay benefits such as childcare support, training and development, improved job design and flexible working have been developed within your organisation.

• Is this a national or local problem? Are turnover/wastage rates consistent with local, regional or national trends?

6. Work in partnership with local trade unions representatives

It is important to discuss with local staff side representatives about how to address local recruitment or retention problems. If it is agreed that the local problem can be addressed most effectively through a pay supplement, the employer should consult in partnership with local staff side representatives about the appropriate level to set the pay supplement. A decision should also be made on whether short term or long term supplements are likely to be needed and what the agreed process will be for reviewing these.

7. Consult with Local NHS Organisations and the Strategic HA

Where it has been decided that a local RRP be introduced, it is necessary to talk to local NHS employers perhaps via local HRD networks, the Strategic Health Authority, trades unions and other stakeholders, before implementing and reviewing any premium. The aim should be to avoid wasteful competition between neighbouring NHS organisations and to take a collaboration and consultative approach to the payment of local RRP’s.

8. Remember Equal Pay considerations

To be consistent with equal pay for equal value, it is essential that any decision to award a local RRP needs to be objectively justified. This means that local employers need evidence to support the case that paying a premium at the agreed level is necessary to address local recruitment or retention problems.

It is essential that organisations ensure that a consistent policy for the payment and review of RRPs is agreed and adhered to across the organisation and that all related policy has been subjected to the appropriate equality impact assessment. It is imperative that all records of such payments and the evidence to formally approve them are held centrally.
9. **Review Annually**

Once RRP's are awarded irrespective of whether they have been deemed short term or long term, they should be reviewed annually to ensure that the RRP continues to be needed. This should be done in partnership with the relevant service/department heads and trade union representatives.

To support this review organisations should put in place a formal monitoring process to ascertain-

- whether the additional payments have allowed the NHS organisation to reduce its vacancy rates and turnover;
- the likely impact on vacancies of removing or reducing a recruitment and retention premium;
- Any changes in local labour market circumstances such as supply and demand
  - The impact of any service redesign or skill mix reviews

10. **Change or adjust when recruitment or retention premia is no longer applicable**

Should local labour market conditions change or where an individual moves to a different post that does not attract an RRP, their entitlement to the additional payment should end. Short-term premia should be reduced or withdrawn as soon as possible consistent with the protection period in Section 5 of the Handbook. Long-term premia should be adjusted or withdrawn for anyone offered a qualifying post after the decision to withdraw or reduce the premium has been made.