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## Recruitment and Retention Allowance Policy

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### Policy on payment of Recruitment and Retention Allowances (RRA)

#### Introduction

1. In general, salary at the Scottish Funding Council is determined by grade, which is in turn based upon the size of the job. In order to address identified recruitment and retention problems the Council has, since the late 1990s, had discretion to make payment of Recruitment and Retention Allowances where labour market conditions dictate.
2. Recognising that RRAs (also known as market supplements) may be necessary to recruit or retain high quality staff in some positions, the Council expects such payments to be made only in exceptional circumstances. The Council will make every effort to recruit or retain staff on salaries within the range applicable to the relevant grade, before any market supplement is considered.
3. In considering any case for payment of RRAs where recruitment and retention issues have been documented full account must be taken of factors other than salary which may impact upon the likelihood of being able to fill a vacancy.

#### Purpose of the policy

4. Under Equal Pay regulations and guidance in order to pay an RRA there must be an objective justification. This is the evidence which is required to support paying two jobs graded at the same level at different rates. This policy is in place to ensure that the Council follows good practice and still remains within the principles of equal pay and our job evaluation and grading scheme, whilst accounting for any market factors which require it to pay a different level of remuneration in cases where it has been found exceptionally difficult to recruit and retain staff.

#### Definition

5. An RRA, or market supplement, is an addition to the basic salary of a specific individual post, or group of posts, where there is a higher market salary externally for the job than the median salary for that post and there must also be a demonstrable difficulty in recruiting or retaining staff.
6. Any need to consider a case for a RRA will be identified by Human Resources (HR) and relevant managers, individuals cannot request that their post be considered to receive a RRA.
7. Where an employee moves to a different post that does not attract a market

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supplement, their entitlement to the allowance will cease on moving to the new post. RRAs will also be reviewed every two years to determine if they are still required. RRAs will also apply to posts on a temporary basis where an individual with the requisite skills temporarily covers a post which is recognised as attracting an allowance.

8. As RRAs are paid separately to basic salary, they are not considered as part of the hourly rate for overtime calculations. From 1 October 2013 all RRAs will not be pensionable, though this will be subject to review at the formal biennial review of RRAs.

## Eligibility

9. Staff employed by the Council are eligible to be considered for market supplements. The case for a market supplement can only be made by a Deputy Director or above. In order for a case to be considered there must be a demonstrable recruitment or retention problem before a vacant post or staff in post can be considered for a supplement. The Council will only consider the use of an RRA where all reasonable methods to improve recruitment or retention have been exhausted. If there is insufficient evidence that market pay is above the salary range for the grade of the post, no market supplement will be paid.

## Calculation of the supplement

10. To compare the position of the grade salary to the external market, HR will seek independently verified sources of external salary data.. Sources of information may include commercial salary surveys and information from local sources, including other NDPBs and the Scottish Government. In order to make an appropriate comparison it is important to try and establish that the external data is for a role that closely matches the post within the Council. A supplement is then calculated to reflect the difference between the median base salary for the external market and the median SFC salary for the post. This market supplement will be subject to an upper cap of £3,250 per annum. Where the difference between the SFC median and the external market median is less than £1,000 no RRA will be payable.
11. Factors taken into account also include affordability, Government Pay Policy, equality issues, practices within other public bodies and the repercussions of introducing payment of a new supplement to any post or group of similar posts.
12. The final decision to pay a supplement will be decided by the Resource Request Group using information provided by HR and the salary determination memo signed by the Chief Operating Officer. The agreed market supplement is payable monthly for an agreed period, which is based upon the circumstances of the case and, in particular, the timescale for the scheduled biennial review. The data used to determine this figure is recorded, so it can be reused to reassess if the supplement is still justified and whether the value needs adjustment.
13. If, after reasonable investigation, no data can be found to assess the market level of the post in question, then no supplement is payable.

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## Review of RRAs

14. Where RRAs are being paid there will be a formal biennial review of all allowances. This will take place in October every second year. Staff in receipt of an RRA will be advised of the standard review date. As the eligibility for an RRA states that not only must there be a higher market salary externally for the job than the median salary for that post, but that there must also be a demonstrable difficulty in recruiting or retaining staff, an assessment should be made as to whether this difficulty still exists before the RRA is renewed.
15. If the RRA is to be renewed, then the same comparison should be made as was originally used to determine the value of the supplement, but with updated data. If the new difference is found to be less, then notice of three months should be given to the staff that the supplement is to be reduced or removed. If the difference is found to be bigger, the value is only increased if there is evidence that the payment of the supplement at the existing level has not eliminated the recruitment or retention problems. This is subject to the overall cap on the level of RRA which is payable (see above).

## Accessing the policy

16. Where Group Heads consider that they have a recruitment or retention issue in their group, that requires consideration for a market supplement, they should, in the first instance, contact HR.

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## Document History

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This Policy and Procedure does not form part of SFC's terms and conditions of employment.

**Owner: Human Resources**

Version number	Changes	Date approved
1.0		06/03/2014 Ratified by JNCF
1.1	Updated to reflect changes in job titles 24.04.2017	

**Review cycle:** where there is a change in elements of the policy or periodically every two years.