

## HUMAN RESOURCES OVERVIEW

<b>Head of Service/Contact:</b>	Shona Mason, Head of HR & Organisational Development
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Annexes/Appendices (attached):</b>	<b>Annex 1</b> - Employee Pay & Reward Policy <b>Annex 2</b> - Gender Pay Gap Report 2019 <b>Annex 3</b> - HR Policy Review Timetable <b>Annex 4</b> - Sickness Absence
<b>Other available papers (not attached):</b>	Epsom & Ewell Borough Council Behaviour Framework

### Report summary

This report provides an overview of Human Resource and Organisational Development activity which supports the Council's wider team wellbeing, providing evidence of good practice and up to date employment policy.

### Recommendation (s)

- (1) That the Panel receives the Human Resources overview report and outlines any particular areas for development or further reporting.

## 1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 To ensure that the Council successfully delivers its key priorities, service plans and strategies it is imperative that the Council has an engaged, skilled and motivated team.
- 1.2 The team's wellbeing, ensuring that the Council undertakes sound employment practice and has up to date employment policies is important to achieving this.

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- 1.3 The activity of the Human Resources and Organisational Development team supports the organisation in achieving its people aims with its service delivery plan centred on supporting the service plans of the wider Council and the Behaviour Framework, to achieve the Council's key priorities.

## 2 Background

- 2.1 In order for the HR Panel to consider areas of wellbeing, HR policy and best practice, this report will provide details of the following areas which the HR team have undertaken:

- Employee Pay & Reward
- National Living Wage and Voluntary Living Wage
- Gender Pay Gap
- Job Evaluation
- Review of HR Policies
- Key Metrics:
  - Labour Turnover
  - Workforce Profile
  - Recruitment
  - Sickness Absence
- Health and Wellbeing at Work
- Learning and Development and Apprenticeships
- Inclusion & Diversity

## 3 Employee Pay & Reward

- 3.1 Over the past four years the Council's Pay Policy has focussed on the implementation of the recommendations from the Local Government Association (LGA) Pay & Performance Review, which was undertaken in June 2016. The LGA recommended moving from a performance related pay scheme to annual pay progression for all, along with a cost of living award. The table below summarises the actions which have been taken in relation to pay in line with the 2016 - 2020 pay policy.

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Year	Pay Award	Changes to Performance Management / Pay Structure	Additional Reward
2016/17	1.5%	None – operation of previous appraisal scheme  Consultation undertaken on new scheme	None
2017/18	1.5%	Used previous appraisal scheme to inform annual progression for all in line with new scheme	None
2018/19	0%	Introduction of My Performance Conversations  Moved from 20 Market Anchors to 12 Grades  Annual increment for all who met criteria moving from SCP to the next	Employees at the top of their grade progressed to SCP9+ (new increment for this year only)  1% non-consolidated payment paid to employees at the top of their grade (new increment for this year only)
2019/20	1%	My Performance Conversations used to inform pay progression  Removal of Grade G12  Removal of SCP1 across all grades  Introduction of SCP10 across all grades	Additional day's leave added to contractual annual leave entitlement

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- 3.2 In February 2019 a new Employee Pay & Reward Policy for the period 2020 – 2024 has been drafted and consulted. The aim of this new policy was to clearly define the Council's pay practices which will remain the same and set out the Council's intention to award cost of living increases based on CPI for the period 2020 – 2024. It should be noted that within the policy there is a proposed cap of 3% to ensure affordability. The draft policy can be found in **Annex 1**.
- 3.3 As well as providing greater transparency over how pay is structured and calculated, the new policy also provides information relating to peripheral pay areas such as recruitment and retention allowances and relocation and determines the circumstances when it is appropriate to consider additional payments. The policy standardises current practice and reflects the changes that have been made over the past four years in the following areas:
- Pay on Appointment
  - Annual Progression
  - Honoraria Payments
  - Pay Protection
  - Payment of Salaries
  - Overpayments
  - Consultation
  - Pay definitions and calculations
- 3.4 Building CPI based increases into the next Medium Term Financial Plan will facilitate better financial planning and will mean that consultation will only need to take place once for the next four years. This is a move away from the annual consultation and approval process, which has previously left staff frustrated by their perceived lack of ability to influence the cost of living pay award due to the budgeted funds being set aside well before consultation commences. The feedback from Staff Consultative Group was largely positive.
- 3.5 A summary of the pay policy for the next four years is outlined in the table below:

Year	Pay Policy
2020 - 2021	Across the board pay award based on CPI taken in Sept 2019
2021 - 2022	Across the board pay award based on CPI taken in Sept 2020
2022 - 2023	Across the board pay award based on CPI taken in Sept 2021
2023 - 2024	Across the board pay award based on CPI taken in Sept 2022

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- 3.6 The funding for the new Employee Pay & Reward Policy will be incorporated into the Council's Medium Term Financial Strategy. The draft policy does form part of the wider HR policy review and will be submitted to Strategy & Resources in due course for approval.

### **4 National Living Wage (NLW) and Voluntary Living Wage (vLW)**

- 4.1 The National Living Wage increased on 1 April 2019 from £7.83 to £8.21. All employees are paid in line or above the NLW.
- 4.2 The Voluntary Living Wage increased from £8.75 to £9.00 on 31 October 2018. The Council views vLW positively, but there has been no formal commitment within our Pay Policy to pay the vLW rate to ensure affordability.
- 4.3 The deletion of grade G12 and SCP1 across all grades further reflects the Council's commitment to the Voluntary Living Wage. From 1 April 2019, all EEBC employees (with the exception of Casual workers and Apprentices) are paid at an hourly rate which is greater than the Voluntary Living Wage rate of £9.00 per hour.
- 4.4 The vLW is not currently paid to all Casual workers, who are paid in line with legislative requirements and Apprentices, who are paid at the applicable NLW rate for their age.

### **5 Gender Pay Gap**

- 5.1 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 introduced a mandatory requirement for employers with 250 or more employees to publish details of their gender pay and bonus gap on an annual basis.
- 5.2 Organisations are required to publish the following data:
- the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
  - the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
  - the difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees;
  - the difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees;

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- the proportions of male and female relevant employees who were paid bonus pay;
  - the proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands
- 5.3 The Council's latest Gender Pay Gap report (snapshot date 31 March 2018) is attached **Annex 2**.
- 5.4 The following analysis is based on the findings reported by the Local Government Association in 2019, which summarises the data provided by a total of 319 English local authorities (as submitted to the Government's gender pay gap service).
- 5.5 Across the UK economy as a whole:
- the mean gender pay gap is 12% and the median is 9.7%
  - 78% of all organisations paid men more than women
  - 34% of all organisations had a majority of women in the highest quartile pay band
- 5.6 In local government:
- the mean gender pay gap is 6.8% and the median gap is 5%
  - 66% of local authorities paid men more than women
  - 62% of local authorities had a majority of women in the highest quartile pay band
- 5.7 For the second year running the Council has reported a negative mean GPG of -15.3%
- 5.8 The pattern from the UK economy as a whole, and in local government specifically is not reflected in the make-up of the Borough Council's workforce, where the majority of front-line Operational Services Operatives within Waste and Recycling are men, and where line management and senior management roles are held by a significant proportion of women.
- 5.9 Areas that affect the GPG include offer of flexible working, offer of parental leave, supporting parents with childcare all of which the Council currently supports. Creating an inclusive culture, supporting career development, progression for part time workers and supporting diversity and inclusion all contribute to having a balanced GPG.
- 5.10 Gender pay is not a subject about which the Borough Council is complacent, and we are committed to doing everything that we can to reduce the gap. However, we also recognise that our scope to act is limited in some areas. We have, for example, no direct control over the subjects that individuals choose to study or the career choices that they make.

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### **6 Job Evaluation**

- 6.1 Due to the significant changes made to the pay structure over the past four years, some pay disparities have resulted and now need to be resolved to ensure the pay structure is sound moving forward.
- 6.2 As part of the Pay and Performance Review, it was agreed that the Council would introduce the use of the National Joint Council (NJC) job evaluation scheme and would undertake a job evaluation exercise across all roles to ensure that they are graded correctly. This will provide a sound, equitable and transparent pay structure for the Council moving forwards.
- 6.3 In considering how the job evaluation exercise could be expedited to minimise impact and disruption to the organisation and morale of staff, it has been agreed that the exercise should be undertaken by South East Employers rather than undertaken in house. This is largely due to the commitment of time and resource needed to complete the exercise.
- 6.4 The Council has taken steps to help streamline the job evaluation process by defining job families, introducing generic role profile templates and drafting initial policies and procedures to support with the implementation of the NJC Job Evaluation Scheme.
- 6.5 Consultation has taken place on the generic role profile templates and associated Job Evaluation policies and procedures. The HR team have been working closely with managers to provide guidance and information to enable them to produce new generic role profiles by the end of June 2019 so that job evaluation can be undertaken.
- 6.6 All roles will be evaluated using the NJC Job Evaluation Scheme by March 2020 to ensure that they are graded appropriately and are correctly positioned within the Council's pay structure.

### **7 Review of HR Policies**

The Council has a number of core HR Policies which include:

- Attendance Management Policy
- Capability Policy
- Grievance Policy
- Disciplinary Policy
- Work & Families Policies – Maternity, Paternity, Shared Parental Leave, Adoption, Parental Leave, Flexible Working
- Managing Workforce Change Policy
- Equality, Diversity & Inclusion Policy
- Recruitment & Selection Policy

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- Performance Management Policy
- Pay Policy

- 7.1 The above list is not exhaustive but outlines the core HR policies which make up its people framework.
- 7.2 Over the past 18 months the HR team has delivered significant changes to the Council's Pay Structure, Performance Management scheme, Behaviour Framework and Job Evaluation scheme all of which are ongoing. These changes are the result of planned and systematic culture change to create an organisation which is flexible, adaptable and accountable, providing the foundations of a fit for purpose people framework.
- 7.3 In order to continue to develop the organisation further and create the culture that is needed for the future, the people framework needs to support the organisation to achieve its objectives and create a culture of accountability and flexibility.
- 7.4 The HR team have been working to realign our policies with the new pay structure, performance management scheme and behaviour framework and to ensure that our policies are structured in a way that provides clarity and guidance for the managers and staff who have to use them.
- 7.5 Each policy needs to meet legislative requirements along with ACAS codes of practice to ensure that the Council is meeting its legal obligations and to mitigate risk and any potential challenge.
- 7.6 The timescales for completion and implementation of the new People Framework are as follows and outlined in **Annex 3**:
- Staff consultation (via Staff Consultative Group) – Phase 1 July/Aug  
Phase 2 Sept / Oct
  - HR Panel – 17 December 2019
  - Strategy & Resources Committee – 30 January 2020
  - Implementation – Feb 2020 onwards

## 8 Turnover

- 8.1 Employee turnover is detailed in the table below:

	Voluntary Reasons	Total Leavers
2016-17	41 (13.3%)	58 (20.4%)
2017-18	42 (13.7%)	49 (16.0%)

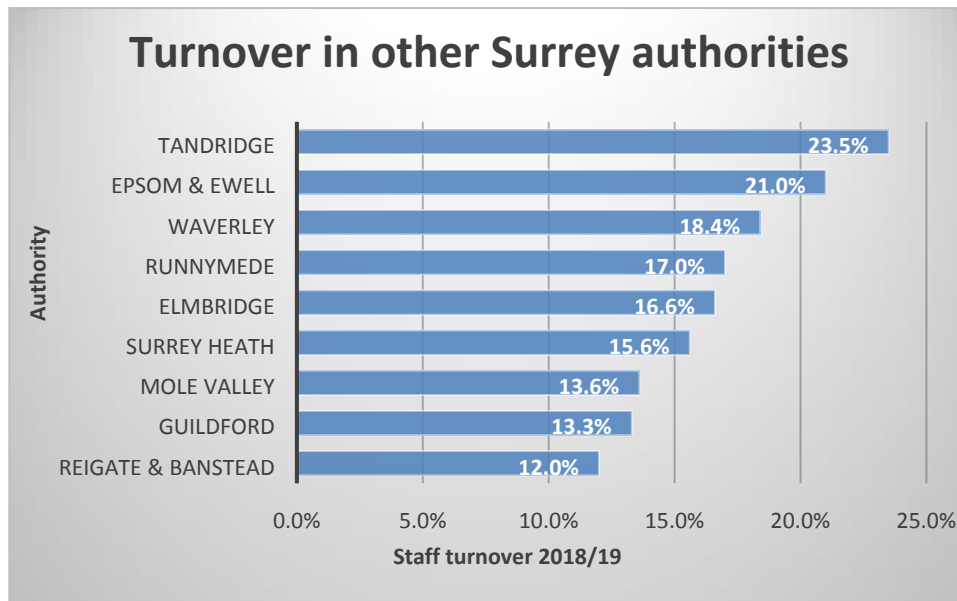


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2018-19	43 (14.1%)	63 (20.7%)
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8.2 The table below details the 2018/19 employee turnover rates in other Surrey authorities. It should be noted that, whilst the figures provided by some authorities (including Epsom & Ewell) include all leavers, others (Elmbridge, Mole Valley and Reigate & Banstead) have calculated their figures based on voluntary reasons for leaving only. Therefore there is no like for like comparison.



8.3 A breakdown of the reasons for employees leaving the Council's employment during 2018/19 is provided below:

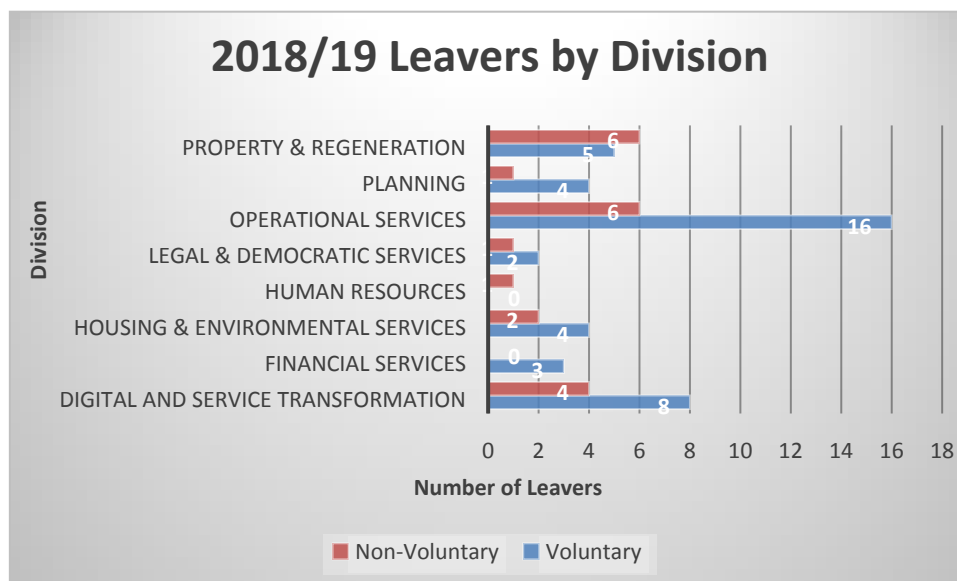
### EPSOM & EWELL 2018/19 LEAVERS BY REASON FOR LEAVING

Death in Service	1
Dismissal	1
End of FTC	8
Redundancy	5
Resignation	37
Retirement	6
Retirement - ill health	3
Unsatisfactory probation	2

8.4 The table below details 2018/19 leavers by Division.

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- 8.5 It should be noted that voluntary leavers includes resignations and retirements and non-voluntary leavers includes Death in Service, Dismissal, End of FTC, Redundancy, Ill Health Retirement and Unsatisfactory probation.
- 8.6 According to XpertHR data the median voluntary resignation rate across the UK has risen to 14% in 2019.
- 8.7 XpertHR state that “This is because the level of employment in the UK is at a record high. Every time you have a high-employment situation in the labour market, you’ll see high levels of churn in the workforce.”
- 8.8 In terms of the Council’s turnover, it should be noted that the borough adjoins Greater London which is the country’s largest employment market and this is likely to always impact upon EEBC’s recruitment and retention of staff. In addition, EEBC is a small authority by local government standards and, consequently, opportunities for promotion and development may be fewer than in larger public sector organisations.

## 9 Recruitment

- 9.1 During 2018/19 the HR team managed 76 recruitment campaigns covering a total of 95 vacant posts. Of these, 16 campaigns (18 posts) were re-advertisements where the initial campaign did not result in an offer of employment being made.
- 9.2 61 offers of employment were made, resulting in 56 appointments. Of the 56 appointments, 10 were internal transfers / promotions. 4 candidates declined the offer of employment and the Council withdrew 1 offer of employment due to unsatisfactory pre-employment checks.

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- 9.3 Recruitment activity has remained consistent over the past three years, with 69 campaigns in 2016/17, 76 campaigns in 2017/18 and 76 campaigns in 2018/19. The level of recruitment activity can be attributed to the increase in employee turnover, which is detailed above.
- 9.4 During 2018/19 we have experienced particular difficulties in recruiting to roles in the following areas:
- Planning
  - LGV Drivers
  - HR Information & Systems Officer
- 9.5 In order to address these difficulties the Council has applied welcome payments / market supplements to ensure recruitment and retention in these posts.
- 9.6 Recruitment is an ongoing activity for the organisation. To ensure the offer to potential employees is attractive and the Council is able to market itself as an employer of choice the HR team are working on the following initiatives:
- Development of recruitment microsite
  - Recruitment promotional video
  - Introduction of the Jobs Go Public application tracking system
  - Increased use of Linked In/social media for job advertisements
  - Collaborative working with the Marketing Officer
  - Tracking the success of different media in attracting candidates
  - Review of on boarding and induction processes
  - Revision of the recruitment policy
  - Training and skills development for recruiting managers

## 10 Workforce Profile

- 10.1 The headcount as at 31 March 2019 was 304. There is no significant change from 2018, where the headcount was 307.
- 10.2 The table below provides a comparison between the Borough profile 2018/19 and the Council's workforce profile as at 31 March 2019.

Category	EEBC Borough Profile	EEBC Workforce Profile
Ethnicity	14% Ethnic minority group 86% White Background	11.2% Ethnic minority group 80.3% White Background 8.5% Not known
Gender	51% Female 49% Male	47.7% Female 52.3% Male

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Age	0-14 - 19% 15-24 - 11% 25-34 - 11% 35-44 - 14% 45-54 - 15% 55-64 - 11% 65-74 - 10% 75-84 - 6% >85 - 3%	0-14 - n/a 15-24 - 4.3% 25-34 - 15.5% 35-44 - 18.8% 45-54 - 27.0% 55-64 - 28.6% 65-74 - 5.6% 75-84 - 0.3% >85 - n/a

10.3 The number of Council employees who have declared a disability (as defined by the Equality Act 2010) is 7.9%.

### 11 Sickness Absence

11.1 Effective absence management involves finding a balance between providing support to help employees with health problems stay in and return to work, and taking consistent and firm action to manage the impact and costs associated with sickness absence.

11.2 The Council's approach to managing sickness absence is detailed in **Annex 4**.

### 12 Learning & Development and Apprenticeships

12.1 The Council continues to offer a range of learning and development opportunities for staff from formal training courses to on the job training.

12.2 Individual and team development needs are collated by line managers via the My Performance Conversations and a training needs analysis is undertaken to identify appropriate budget. During the analysis for 2018/19 the following broad training needs were identified:

- Professional Courses
- Management Skills
- Office Skills
- Legal Updates
- Health & Safety/ First Aid/ Fire
- Practical & Operational

12.3 During 2018/19 the training activity has included:

- Induction Training for New Employees
- Professional, Skills and Corporate Training
- E Learning – statutory and legislative awareness
- Management Training / Coaching
- IT Skills Training

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- Statutory Skills Training (e.g. Health & Safety, driver skills etc)
- 12.4 The Managers' Huddle continues to prove popular with Managers. The sessions are run in house by Kathryn Beldon, Chief Executive & Shona Mason, Head of HR & OD with the agenda set in collaboration with the Managers Huddle working group. Other team members also present at the Huddle to provide a varied and interesting agenda.
- 12.5 The aim of the sessions is to provide a development, networking and engagement opportunity where Managers can learn about specific subjects, meet and learn from other Managers across the Council and provide feedback on topics and projects that are currently being undertaken.
- 12.6 In the first Managers' Huddle of 2019 the topics covered were Emergency Planning, Recruitment Portal, and Role Profiles/Job Evaluation. Managers also participated in a "laughter yoga" session, which was well received by the majority of delegates.
- 12.7 The Managers' Huddle will continue to be hosted three times per year. The next sessions will take place in June/July 2019, where managers have been invited to participate in a two day Coaching course.
- 12.8 During 2019/20 the Council is seeking to build on the learning and development opportunities by appointing to a Learning & Development specialist role. The appointment will allow the needs of the organisation to be better met and will support with the ongoing development of the Council's managers and employees in developing key skills and knowledge. The advertisement is due to go out shortly and upon appointment the individual will be responsible for reviewing the Council's learning and development needs and working to build and deliver a tailored training programme.
- 12.9 The Council continues to increase its offer of Apprenticeships. While the Council needs to establish funds to pay the Apprentices' salaries the qualification that they undertake can be paid from the Apprenticeship Levy, which the Council is required to contribute to.
- 12.10 The Council currently has Apprentices in the following areas:
- ICT
  - Revenues & Benefits
  - Communications
- 12.11 We are also actively recruiting to Apprentices in the Executive Office, Finance and Environmental Health and hope to make appointments soon.

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### 13 Inclusion & Diversity

- 13.1 The Council's Inclusion & Diversity group meets regularly to focus on specific deliverables to support with the Council's duty under the Equalities legislation.
- 13.2 The Equalities Act prevents unfavourable treatment on the grounds of nine protected characteristics, which are Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy & Maternity, Race, Religious Beliefs, Sex, Sexual Orientation.
- 13.3 The Public Sector Duty is:
  - To eliminate unlawful discrimination
  - To advance equality of opportunity
  - To foster good relationships.
- 13.4 The Inclusion & Diversity Group are responsible for championing Inclusion & Diversity, reviewing Equality Impact Assessments and supporting initiatives throughout the year.
- 13.5 In 2018/19 the group pushed forward with the initiatives making progress on the following:
  - Initial review of easy read documents within the Housing department
  - Inclusion & Diversity Event for Staff – Faith Awareness
  - Collation of information on work done with vulnerable Syrian families
  - Development of ward and borough profiles
  - Identifying good practice by Brighton & Hove in relation to Equality Impact Assessments documentation
- 13.6 The Inclusion & Diversity Faith Awareness event was a huge success with around 60 employees attending to hear two speakers talk about Islam and Hinduism while afternoon tea was served. The event was very well attended and very informative creating an inclusive environment.
- 13.7 The Group are in the process of finalising 2019/20 priorities and have provisionally agreed the following:
  - Publishing ward information which is accessible
  - Review of workforce profile
  - Arrange a visit to the Stoneleigh Hindu Temple
  - Investigate best practice for individuals who identify as non-binary
  - Host an event to celebrate Inclusion & Diversity
  - Engage with the following community groups:
    - Disability Confident
    - Access to Work
    - Outline Surrey Support Group

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- Review our Equality Impact Assessment forms (EIAs) and work with service heads to ensure EIAs forms are completed where there are proposed significant service changes

### **14 Financial and Manpower Implications**

- 14.1 All HR and Organisational Development activities take place within agreed budgets.
- 14.2 Savings will continue to be made where possible ensuring the Council can provide a quality HR service in a cost-effective way.
- 14.3 As an example addressing high levels of sickness can directly impact on the efficiency of the Council improving overall productivity and reducing sickness related costs such as covering front line services.
- 14.4 Chief Finance Officer's comments:** The next Medium Term Financial Strategy for 2020-2024 will be developed to take into account the Employee Pay & Reward Policy, once approved.

### **15 Legal Implications (including implications for matters relating to equality)**

- 15.1 There are no legal implications arising from the contents of this report
- 15.2 **Monitoring Officer's comments:** None arising from the contents of this report.

### **16 Sustainability Policy and Community Safety Implications**

- 16.1 None

### **17 Partnerships**

- 17.1 None

### **18 Risk Assessment**

- 18.1 It is imperative that the Council follows fair and consistent HR procedures because the potential costs against the Council should it fail to implement a fair and robust process and procedure could be substantial should an Employment Tribunal claim be successful. As well as the financial costs, the reputational damage to the Council, as a public sector employer, could be considerable.
- 18.2 It is worth noting that there is no limit on compensation payable in successful claims of discrimination on the grounds of one of the protected characteristics defined in the Equality Act 2010.

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### **19 Conclusion and Recommendations**

- 19.1 The Panel is asked to receive and note the contents of the report and annexes and identify any areas for development.

**Ward(s) affected:** (All Wards);