

Report to: Personnel Committee



Date of Meeting 30th November 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Recruitment and Retention Update

Report summary:

This report summarises progress against the recruitment and retention related activities that were agreed by Committee on 2nd September 2021.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Committee endorses the content of the report.

Reason for recommendation:

To allow the Committee to retain an overview of actions being taken to mitigate against current recruitment and retention challenges.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change Low Impact

Risk: Medium Risk; If actions are not taken to mitigate against current recruitment and retention issues, this may lead to additional pressure being placed on workforce capacity and therefore place a risk on the effective delivery of Council services.

Links to background information Workforce Priorities report presented to Personnel Committee on 2nd September 2021 ([Agenda for Personnel Committee on Thursday, 2nd September, 2021, 10.00 am - East Devon](#)).

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
 - A greener East Devon
 - A resilient economy
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Report in full

1. Introduction

1.1. This report provides an update on the various actions being progressed to mitigate against current recruitment and retention concerns, which are placing additional pressure on Council workforce resources and therefore the effective delivery of services. These actions are being taken whilst also being mindful of the wider current economic context.

2. The economic context

2.1. The October 2021 Office for National Statistics (ONS) figures continue to demonstrate that UK labour supply is not keeping up with labour demand. Across the UK unemployment has fallen back to 4.5% while vacancies have reached a new peak of 1.1 million, with 1.45 unemployed people per vacancy – the lowest figure in at least half a century. The Institute for Employment Studies suggests that this is being exacerbated by a reduction in jobs growth compared to before the pandemic, a smaller population due to migration following Brexit and higher ‘economic inactivity’, with 310,000 fewer older people in the labour market than expected (especially older women), and 210,000 fewer young people (especially younger men)¹. The ONS state that growth in average total pay (including bonuses) was 7.2% and regular pay (excluding bonuses) was 6.0% among employees for the three months June to August 2021, however, they advise that as this growth is affected by base and compositional effects, it should be interpreted with caution. A further report on UK pay rates from the ONS is expected this month².

2.2. Locally East Devon has recovered from Covid-19 restrictions, furlough and unemployment much quicker than was originally anticipated and there are now more people in work than before the pandemic, although Exmouth Town and Axminster remain the areas with the highest claimant count rates in the district. In East Devon and across the whole of Devon there are currently more job vacancies than people, with the sectors seeing the highest demand of vacancy rates being care workers, van drivers, chefs, cleaners and admin support. In addition to this, the current Not in Education Employment and Training (NEET) rate for young people is low, with many remaining in full time education and training rather than finding work. Traditionally East Devon has been a low wage area with data from the Annual Survey of Hours and Earnings (ASHE) showing workplace based earnings for full time employees in East Devon were 91% of the level across the UK in 2016, this had fallen slightly to 89% in

¹ [Labour Market Statistics, October 2021 | Institute for Employment Studies \(IES\) \(employment-studies.co.uk\)](#)

² [Average weekly earnings in Great Britain - Office for National Statistics \(ons.gov.uk\)](#)

2020³. However, wages have started to rise due to shortages in the labour market, coupled with large companies newly established in East Devon offering generous starting bonuses to entice workers.

3. Agreed actions to mitigate against recruitment and retention challenges

3.1. Personnel Committee agreed the following actions on 2nd September 2021:

- 3.1.1. An **independent reward review**, to determine whether changes need to be made to the pay and grading structure and rates of pay to ensure that the Council achieves its aspiration to be a median pay employer and to mitigate against current recruitment and retention issues. Using external support would enable the Council to access independent reward specialists with extensive pay benchmarking data and expertise to develop costed recommendations that also take account of the current economic situation and the Council's budgetary position. An internal HR-led review of the overall employment package, particularly staff benefits, is also recommended to determine whether further improvements could be made, which could also support wider strategic priorities (e.g. climate change).
- 3.1.2. **Recruitment strategy review**, to assess whether actions could be taken to strengthen the Council's employer brand and to open up potential new talent sources which could also support the Council's wider economic development, equality, diversity and inclusion and anti-poverty strategies. With certain key posts likely to require recruitment over the next few years and particular service areas where there are known skills shortages, this work will also involve specific attraction strategies for those roles. This would be led by HR, with support from the Council's existing recruitment advertising agency.
- 3.1.3. Development of a more structured and wide ranging '**grow our own**' strategy to develop existing talent and recruit new staff, led by HR. This is likely to help reduce our existing recruitment and retention challenges and support succession planning. This would include introducing career pathways supported by targeted learning and development opportunities and reviewing the Council's existing use of apprenticeships and other mechanisms.

3.2. Progress against each of these interventions is set out below, along with the steps that have been taken to improve evaluation of the impact of those interventions, particularly with regard to accurate vacancy data.

4. Reward Review

4.1. The primary focus to date has been on the procurement of an external consultancy to undertake the independent Reward Review. A supplier has now been commissioned and they commenced work in mid-November. The work will involve the following stages:

- 4.1.1. Mobilisation and collation of background data and information
- 4.1.2. Labour market data pay benchmarking against a sample of agreed jobs across the Council
- 4.1.3. Reporting of initial findings and potential options and liaison to enable HR/Finance to undertake high level cost modelling
- 4.1.4. Presentation of the outputs, recommendations and proposed next steps.

4.2. The supplier has indicated that further work may then be required to refine the recommendations and to engage with key stakeholders before having in place a clear set of final recommendations and costings. However, this is outside the scope of the

³ [Labour Market Profile - Nomis - Official Labour Market Statistics \(nomisweb.co.uk\)](https://nomisweb.co.uk/)

agreed £25k budget. It is therefore proposed that the work is reviewed at that stage to determine whether further external consultancy support is required and if so, additional funds sought.

4.3. The intention is to bring costed recommendations to this Committee in January 2022, subject to sufficient progress being made and clarity secured in line with paragraph 4.2 above. It is acknowledged that costed recommendations will need to be available early in the New Year to inform budget planning and all steps will therefore be taken to achieve this.

4.4. The trade union are being kept informed of progress and involved at appropriate stages. We also continue to keep staff informed, whilst managing expectations that this work is a review and at this stage no decisions have been made about future pay rates.

4.5. Although separate issues, the following pay-related matters are also worth noting, as they will impact on the overall pay package and have budget implications for the Council:

4.5.1. The national 2021/22 local government pay negotiations are unfortunately ongoing, due to lack of agreement between the national employers and trade unions. The Council continues to monitor progress and keep staff informed.

4.5.2. The Government has announced that the National Living Wage (for over 23 year olds) will increase to £9.50 per hour from April 2022 and the National Minimum Wage (for those under 23 years) will also increase. This will impact on the lower nationally determined salary points in the Council's grading structure (the lowest spinal column points are £9.25 per hour (point 1) and £9.43 per hour (point 2) which are part of the Council's Grade 1). Currently we have minimal numbers of staff on this grade so it is not envisaged that this will have a significant budgetary impact, but it is still worth noting.

4.5.3. The Government is to increase National Insurance contributions by 1.25% for employer and employee contributions from April 2022 (the health and social care levy), which will lead to an additional cost of £119k on the Council's annual pay bill and see a net reduction in pay for employees.

4.5.4. The Council's Anti-Poverty Strategy includes an aspiration for the Council to be a Real Living Wage employer and to promote the Real Living Wage to other employers. The current Real Living Wage rate is £9.90 per hour. Further consideration of this, including the budgetary impacts, will be included in proposals which arise from the Reward Review

5. Recruitment Strategy Review

5.1.1. Discussions are taking place with the Council's recruitment advertising agency and internally to determine how improvements to the Council's employer brand can be progressed. Due to cost pressures, it is likely that the work will be undertaken internally, but details are still to be confirmed.

- 5.1.2. This branding work will include how we ensure that we target people from a wide range of protected characteristics and backgrounds, so that we maximise supply of good candidates. This will also include what support we may need to provide or facilitate (for example, employability skills and pipelines into employment, such as work experience). Work to engage with particular special interest and community groups will inform this activity.
- 5.1.3. HR and managers are also making reconnections with recruitment agencies to understand their current offer and how that might support recruitment to specific roles. For example, surveyors are currently being sought via this route. This does incur additional costs (as the agency requires a fee to undertake the search) but is offset against usual recruitment advertising costs.
- 5.1.4. Agency workers remain an option where posts cannot be recruited to. However, these are at higher cost and therefore we continue to advise services to seek staff by traditional routes first, where possible.

6. 'Grow our own' Strategy

- 6.1.1. The longer term strategy is to have in place career pathways and strong apprenticeship schemes which enable the Council to develop people into roles. This will assist with recruitment and retention and reducing key skills shortage areas (such as Planning and Environmental Health⁴), will support succession planning and will contribute to the Council's Anti-Poverty and economic prosperity objectives in the Council Plan.
- 6.1.2. The current Revenue Apprentice vacancies have highlighted some barriers which will need to be addressed, such as apprentice pay, the Council's brand and making connections with local education establishments, as a pipeline into employment. The Apprenticeship Pay Policy report to be considered by the Committee at this meeting aims to begin to address this.
- 6.1.3. There is a high level of interest from service areas in engaging with this work. The HR Manager plans to start with two or three pilot areas, working with the service, appropriate apprenticeship training providers and the Economy Team, to design a scheme that is attractive to candidates, meets service needs and includes pipelines into employment and career pathways for further development and progression.
- 6.1.4. To support this work, the Council as employer has become a member of the South West Apprenticeship Ambassador Network, which aims to promote apprenticeships to other employers and to young people in schools and colleges. It also provides us with access to information and contacts which will support our work.

7. Resources

- 7.1. It is evident that services and the HR Team are having capacity issues with dealing with the volume of recruitments alongside other service delivery pressures, which can slow down the process of filling vacancies. This operational pressure also makes it more challenging to undertake the strategic interventions required, as stated above.
- 7.2. To provide additional temporary HR resource, a HR graduate placement via the University of Exeter is being sought, funded from vacant hours within the existing HR Team.

⁴ The LGA reported in February 2021 that environmental health and planning officers were the most difficult roles to recruit to within district councils, although at that time 46% of councils were experiencing recruitment difficulties over a wide range of roles ([LGA Research Report - COVID-19 Workforce Survey - 5 February 2021-2 \(local.gov.uk\)](#)).

8. Measuring outcomes and impacts

- 8.1. With operational pressures on the HR Team during the pandemic, the previous work to monitor vacancies ceased. The Team have worked hard to re-establish this information and the first vacancy report is attached at Appendix 1.
- 8.2. There are currently 11 vacancies where recruitment is in progress, with a further 16 vacancies where decisions are being made about recruitment (for example, work being undertaken to update job descriptions). The average length of time to complete a recruitment process is 93.55 calendar days, which also takes into account preparation for recruitment and new recruits having to complete notice periods with previous employers before joining the Council. Inevitably, internal resource pressures are impacting upon the timescale, as managers and HR undertake recruitment activity alongside other priorities.
- 8.3. There are currently 41 market supplements in place across the Council at a cost to date this year of £137,000, compared to £67,000 for the whole of the preceding financial year⁵, which also reflects the current concerns raised about pay rates, which is being explored further through the independent Reward Review. The report also includes data on the number of agency workers and turnover rates. Unfortunately it is not possible to compare these current figures with previous years, as reliable previous year data is unavailable.
- 8.4. This information provides a good baseline to inform and measure the recruitment and retention interventions that we are putting in place. Vacancy data will form part of the people data report provided to future Committees, as set out in the Proposed People Data Reporting paper, to be considered at this meeting.

9. Conclusion

- 9.1. This report provides an update on the recruitment and retention interventions being progressed. Although there are positive steps being taken, it is also recognised that this is within the context of a challenging economic climate and internal resource pressures. Further updates will be provided to Committee.

Financial implications:

The financial details are outlined within the report.

Legal implications:

The report does not identify any legal implications requiring comment.

⁵ There have been a growing number of market supplements year on year, with 19 in 2017/18, rising to 33 in 2020/21 and now 41 to date this year. Comparisons with previous years will be part of the future people data reporting.

Appendix 1 – Vacancy data

| | EDDC Total | By Service Area |
|---|------------|---|
| VACANCY DATA: | | |
| Total Vacancies (NOT Recruiting) | 16 | Countryside & Leisure-2 Environmental Health – 2 Governance & Licensing - 2 Housing Services – 1 Planning Strategy & Development – 1 Revenues & Benefits-2 Streetscene - 6 |
| Total Vacancies (Recruiting in Progress) | 11 | Chief Executive - 1 Countryside & Leisure -2 Environmental Health -1 Housing Services-3 Planning Strategy & Development -2 Revenues & Benefits-1 Streetscene -1 |
| Total current vacancies | 27 | |
| RECRUITMENT ISSUES & AGENCY WORKER DATA: | | |
| Average length of time a Recruiting in Progress vacancy is vacant | 93.55 days | Not available |
| Total Positions filled by Agency | 34 | Not available |
| Total Positions currently subject to a Market Supplement | 41 | Chief Executive - 7 Environmental Health – 2 Finance - 1 Governance & Licensing - 4 Growth Development and Prosperity - 4 Housing Services – 7 Place, Asset and Commercialisation - 4 Planning Strategy & Development – 10 Revenues & Benefits-1 Streetscene - 1 |
| TURNOVER DATA: | | |
| Turnover (voluntary & non-voluntary) | 7.58% | Chief Executives – 0% HR & Payroll – 0% Governance & Licensing - 4% Housing, Health & Environment -10.10% Planning, Strategy & Development – 5.56% Growth, Development & Prosperity - 7.14% Finance - 2.78% |
| Turnover (voluntary) | 6.35% | Chief Executives – 0% HR & Payroll – 0% Governance & Licensing - 4% Housing, Health & Environment -8.71% Planning, Strategy & Development – 4.17% Growth, Development & Prosperity - 7.14% Finance - 2.78% |

Notes:

- Vacancy data is as at 5th November 2021.
- Turnover data is as at 31st October 2021.
- Previous months and years data is not included as some if it was prior to the HR system improvements to the data and reporting. This information will be provided in future reports, as the data becomes available.
- Benchmarking data is currently unavailable as either the information is not recorded or is not recent . HR will continue to explore options for sourcing appropriate benchmarking data, with the aim of including in future reports, if possible.
- The data above will in future be part of the wider people data reporting which will be provided to SMT+ and Personnel Committee (see People Data Reporting Proposals report).

Definitions:

- **NOT Recruiting Vacancies** - Vacancies that are not currently part of the recruiting process, where a valid Authority to Recruit is in place or the position has been vacant for less than 1 month. This may be because they are on hold or recruitment is being prepared. Excludes positions that are vacant due to secondments.
- **Recruiting in Progress** - Vacancies where recruitment is in progress.
- **Average length of time a vacancy is vacant** – this counts the number of calendar days a Recruiting in Progress Vacancy has been vacant. The count is from either when the post became vacant or in the case of a new post, from when the post was added to the HR system. It is only possible to calculate this figure for the Council as a whole due to HR system capabilities.
- **Agency** - The number of posts that are currently filled by Agency Workers. This could be because of recruitment issues or for other reasons. The number of these posts by Service or information on costs cannot be determined, as this information is not held centrally as they are not part of the payroll.
- **Market Supplement** – This is an additional payment that is made in excess of the job evaluated grade for the post because of recruitment issues linked to market pressures. It is in accordance with the Council's Market Supplement Policy. This figure is based on the number of positions/people that are actually being paid for a Market Supplement at the time the report is run. It does not include vacant positions that may attract a market supplement if they were not vacant, as this information is not held in the HR system.
- **Turnover (voluntary & non-voluntary)** – Voluntary and non-voluntary turnover is the proportion of all leavers and is expressed as a percentage of the number of employees. Non-voluntary turnover includes dismissal for reasons of disciplinary, performance, redundancy, end of fixed term contract and ill health retirement.
- **Turnover (voluntary)** – Voluntary turnover is the percentage of employees leaving the organisation voluntarily or retiring.