

Report to: Scrutiny Committee – 9 March 2023

From: John Loudoun, Portfolio Holder – Corporate & Council Co-ordination

I have been requested to present a report to Scrutiny Committee on the key elements within my portfolio, and I have related this specifically to matters related to staffing as considered by the Personnel Committee.

Introduction

The creation of the Personnel Committee back in 2021 allows all matters related to staffing to be considered in one committee whereas previously there was no direct relationship through a single Member focal point. I believe that this allows for a greater Member appreciation of all matters related to staffing to be concentrated and drilled down into in a more knowledgeable way.

During the past year there have been a number of key staffing matters that have been considered by the Personnel Committee and which are summarised below.

Director recruitment

2023 sees an unusual 50% churn in SMT Members for differing reasons. As Members will be aware Henry Gordon- Lennox the Director of Governance and Licencing left the council in mid-January to take up a senior role in a neighbouring County Council. As a result, a recruitment process was put in place in conjunction with an executive recruitment agency.

A Member recruitment panel, comprising of a selection of Personnel Committee Members met on 7 February and made a recommended appointment to this post. This recommendation will be considered and, it is anticipated, ratified at Full Council on 22 February. If that happens then one can anticipate that the successful candidate would join the council at some point during May.

As reported to the most recent Personnel Committee John Golding, Director of Housing, Health & Environment, has advised of his planned retirement in August. This advance notice allows the council to plan to recruit his replacement in time to allow a short, but helpful, handover period.

The Personnel Committee has agreed to a recruitment timetable that is intended in culminating in a Member recruitment panel in March/April with subsequent Full Council ratification.

Coincidentally, in mid-January this council, in conjunction with its two partner authorities held a recruitment process to appoint a new head of Strata as Head of IT and Transformation. I sat as part of the assessment centre that each of the four shortlisted candidates attended and which assisted in informing the final candidate interviews. An appointment to the post has now been made with the new Director, Steve Mawn due to commence in the next few months.

Chief Officer HR policies

The Personnel Committee has agreed changes to relevant HR policy and consequential changes to the Constitution to reflect the model procedures set out in

the Joint Negotiating Committee for Chief Officer and Chief Executive conditions of service handbooks. This was an appropriate updating exercise of the relevant procedures and processes.

Worksmart

Worksmart was initially introduced when the Council relocated to its Blackdown House offices in Honiton in 2019. It aimed to create an even better working environment where people could work more smartly, flexibly and be more productive, with flexibility of working arrangements in terms of time and place. – *‘We want to create an even better zero carbon working environment where people can work more smartly, more flexibly and be more productive, whilst delivering and enhancing the services we provide.’*

A revised Worksmart approach was introduced from May 2022 onwards, informed by learning from ways of working through the pandemic with an increased emphasis on the *‘Happy, Healthy, Here’* programme which can be found at –

<https://eastdevon.gov.uk/news/e-newsletter-articles/happy-healthy-here/february-2020/happy-healthy-here-action-plan/>

<https://democracy.eastdevon.gov.uk/documents/s14309/211130%20Worksmart%20Review%20Update%20to%20Personnel%20Ctte.pdf>

Like many other employers, this council wants to utilise the benefits and learning from new ways of working brought about during the pandemic to support recruitment and retention. However, the focus will remain on ensuring the effective delivery of services to local communities. The approach, which is led by the established Worksmart Principles, aims to achieve this balance and its impact will be evaluated as the Worksmart approach developed further.

Worksmart will be kept under review with a formal evaluation of progress and outcomes in summer 2023 to learn, and where necessary, adapt further approaches.

People data

Each Personnel Committee receives an updated set of people data which covers –

- (i) Full time equivalent (FTE) numbers of staff and actual headcount by:
 - (a) Per month
 - (b) Each service area
- (ii) Total number of vacant posts, within each Assistant Director’s service area
- (iii) Total number of posts in receipt of a salary market supplement, by service area
- (iv) Average length of time that it takes to recruit to a vacant post
- (v) Total number of agency staff employed
- (vi) Staff turnover by reason for departure and per month
- (vii) Total number of leavers in a rolling 12-month period, by service area
- (viii) Sickness absence by:
 - (a) FTE and related to various timeframes
 - (b) Number of staff per month reporting a positive Covid test

This detailed data allows Members to understand the challenges facing those having to manage staff and balance this with service delivery, to have an ongoing

knowledge of the key staffing challenges facing the council and to allow them to better enquire into these challenges. A more detailed annual report, including areas such as the workforce profile and learning and development, is also provided to Personnel Committee each summer. I believe it is important and appropriate that this data is considered by the Personnel Committee, as opposed to the previous presentations to Scrutiny Committee as the data needs to be considered against the backdrop and ongoing understanding of wider staffing issues which the previous Committee's considerations would have lacked.

Staff recruitment & retention and the reward review

Over recent years across all sectors of the economy and across all regions of the country employers have had to, and continue to, grapple with challenging recruitment and retention issues. As we know these are linked to Brexit, employees deciding to give up work post lockdown and covid, as well as shortages within a range of professional workstreams. Currently, official data records that there are 1.1 million vacant jobs across the whole UK economy.

This has all been compounded by the cost-of-living crisis which has led some employees to move to another employer that can pay them more and reduced the likelihood of employees relocating as the shortage of housing and increased mortgage costs affect home owner confidence. In order to retain staff, employers have had to look at their salary packages and their wider employee benefits.

It has been a regular ongoing recent concern from Directors and Assistant Directors that they have struggled to successfully fill their vacant positions. This council recognised the need to try to make itself more financially attractive to potential employees, some 18 months ago, way ahead of other local authorities in this region. It also decided to review its wider employee benefits package.

Price Waterhouse Coopers (PWC) was commissioned to review the council's grading structure and associated salaries, its reward offer. This allowed the local salaries to be tested against the wider market and showed that the council needed to adapt and improve its salaries, whilst remaining within the framework of the national NJC arrangements.

The reward review became a collaborative project involving PWC, staff from the HR team and Unison, the staff trade union which, following a positive ballot result from the trade union, resulted in the Personnel Committee agreeing the review's recommendations in November 2022.

This has now been applied to staff salaries and backdated to April 2022, and which in conjunction with the recently applied 2022/23 NJC pay settlement increases has led to significant salary uplifts across the council. As this council is ahead of its local government neighbours it has placed it in a strong competitive position to successfully recruit to many of its vacant roles.

At the recent joint Overview & Scrutiny meetings in January many of the Assistant Directors were, even so soon after the salaries were uplifted, able to express confidence that interest and applications for vacant roles had improved. That said

caution is still required as it may take some months before it can be understood how successful this review has been.

It is hoped that a positive to come out of the review has been the immediate reduction in the use of salary market supplements from in excess of forty to now only half a dozen. Whilst there should always be the option of applying a market supplement for a hard to recruit to role, these should not need to be applied as broadly as they had been. I believe the extent to which market supplements were applied demonstrated that in part this council's salary arrangements were not keeping up with the market.

The other side of staff employment, that of successfully retaining staff, will have been assisted by the salary uplifts and the review of the employment benefits that this council's staff receive will be presented to the next meeting of the Personnel Committee.

Apprentice pay policy

The Personnel Committee updated the Council's pay policy for newly recruited apprentices, in light of changes introduced for staff in the recent Reward Review. The Committee recommended to Full Council that new recruit apprentices will be paid at 90% of the standard National Joint Council (NJC) rates as set out in the Council's pay and grading structure, with a minimum rate equivalent to the Real Living Wage which is currently set at £10.90 per hour. This recommendation was due to be agreed at Full Council on 22 February.

As this policy sets the apprentice pay at a percentage of NJC rates that usually are uplifted by annually agreed NJC pay awards and given that currently the Real Living Wage rate is reviewed and uplifted annually, both of the factors will have to be kept under regular review and it is highly likely that, at least annually uplifting changes will have to be applied.

The recruitment of apprentices as part of an important "grow our own" philosophy will allow this council to attract good quality candidates and to expect to see many of them growing in experience and expertise to become long term employees embedded within our local communities. This council's ability to pay 90% of the relevant salary should make this council an attractive potential employer.

2022/23 & 2023/24 pay

As is often the case the 2022/23 NJC pay settlements were reached many months (late October) after the due date of each 1 April. The award was £1,925 (pro rata) on each pay point which weighted the increase to the lowest grades. The NJC for Chief Officers also settled at the same amount. So far, we know that the trade unions have submitted an NJC pay claim of RPI plus 2% with the Chief Officers claim still to be submitted. As at the time of drafting this report today's RPI rate is 13.4%, and therefore if the claim was met in full it would raise salary levels by 15.4%

This council's draft 2023/24 budget has included provision for an increase of 3.4% which demonstrates the significant gap between what is being sought and what we believe this council can afford. I do not believe that any other council will have budgeted for anything close to the figure as set out in the pay claim. Given the

current industrial relations climate in this country it has to be assumed that again there will be no timely settlement reached and the potential for serious calls for industrial action within local government, in support of the claim has to be anticipated.

There are other potential pay challenges likely in the years to come as the government has committed to raising the National Living Wage (which is greater than the National Minimum Wage) to two thirds of median national wages by 2024. As the lowest NJC rate cannot fall below this rate and has to reflect an improvement on this level there will be a need to continue to uprate the bottom points within the NJC rates which in turn will need to ripple upwards in order to maintain grade differentials.

All of this, even without the trade unions submitting any annual pay claims will raise each council's salary costs. The staffing costs across the MTFP will bring their own financial challenges, and this council will have to prepare and budget for these.

Staff HSE Survey

This council's first Health & Safety Executive (HSE) based staff survey was undertaken in January/February 2021 and considered by Scrutiny Committee in March 2021. The second follow up survey was then undertaken in November/December 2021 and reported to the new Personnel Committee in March 2022. Regularly surveying staff using the same questions allows the council to obtain an informed and unattributable snapshot in time of how staff are feeling about the organisation, their managers and their circumstances in the workplace.

The responses can then be compared survey to survey to indicate how staff are feeling and what issues are affecting them. This allows an organisation to create team or sectional, as well as whole organisation action plans to address the issues highlighted through the survey.

The HSE refers to the HSE Management Standards, which includes a staff survey tool which this council's staff survey is based upon as -

“The Management Standards approach suggests using a survey as one useful source of information on whether work related stress appears to be a potential problem for your workforce and, if so, who is likely to be affected and how.

Individual employee perceptions play an important role in predicting stress related ill health and gathering the opinions of employees can be a useful indicator of the health of an organisation, and potential sources of work-related stress”.

It is important for the Personnel Committee to consider the headline responses that these surveys provide and to work in conjunction with, and in support of the SMT in ensuring that a whole council approach to the issues that staff raise is developed and progressed. In particular its important to understand the key elements that are contained in the action plans created to tackle the issues raised.

Investors in People (IIP)

Investors in People (IIP) is a 30-year established framework within which an employer is assessed to determine how it is performing against IIP's "We invest in people" framework. IIP has become an accepted and recognised benchmarking organisation with over 50,000 employers across public sectors, charities and the third sectors, PLCs and SMEs seeking validation for how they invest in, and support their staff.

IIP was founded as a government project to make work better and it applies a framework of continuous improvement and employee recognition.

Every three years IIP will assess an organisation advising and supporting it on how to improve its workplace culture around employee engagement, communication, organisational culture and work practices. Having been assessed an employer will be graded at an award level of Standard, Silver, Gold or Platinum.

In January 2020 IIP accredited this council at its highest level, Platinum. Employers seek to achieve the highest possible accreditation because this is a demonstrable and accepted way of showing to existing and potential employees that an employer is committed to supporting and developing its staff. This can be a positive recruitment and retention factor. The Chief Executive is on record as praising the council's IIP accreditation as being "the primary indicator in terms of visibly demonstrating the commitment to being an employer of choice".

This council, at the time of writing, has just commenced the beginning of its reaccreditation process with IIP, with a progress report being scheduled for the next Personnel Committee.

The last IIP report on this council is at -

<https://eastdevon.gov.uk/media/3720918/east-devon-district-council-review-2020-platinum-report-ac.pdf>