

<b>MAYOR AND CABINET</b>			
<b>Report Title</b>	Response to Recommendations on Fairness in Pay & Employment practices		
<b>Key Decision</b>	No	Item No.	
<b>Ward</b>	Various		
<b>Contributors</b>	Executive Director for Resources and Regeneration (Head of HR)		
<b>Class</b>	Part 1	Date:	5 December 2012

## **1. Summary**

- 1.1 In October 2012, comments from the Public Accounts Select Committee were presented to Mayor & Cabinet asking that the Mayor note the Committee's recommendations in respect of the Fairness review.
- 1.2 The Mayor was asked to agree that the Executive Director for Resources & Regeneration be required to provide a response to the pay and employment recommendations.
- 1.3 This report sets out proposed responses to the recommendations in respect of Fairness in Pay & Employment practices.

## **2. Recommendations**

The Mayor is recommended to:

- Note the responses to the Fairness review's recommendations as provided by the Executive Director for Resources & Regeneration;
- Agree that this response is provided to the Public Accounts Select Committee.

## **3. Background and policy context**

- 3.1 In May 2011 the Public Accounts Committee agreed to undertake an in-depth review into fairness based on the findings of the Islington Fairness Commission. In June 2011 the committee considered a scoping paper and agreed that the review would include evidence

sessions covering both procurement and employment and pay practices. Two evidence gathering sessions on pay and employment practices were held in January and March 2012 and the final report on Fairness was considered in June 2012. The Committee noted how fair and effective the Council is as an employer. Eight recommendations on pay and employment practices were agreed. Local Assemblies were subsequently consulted on the review findings and the results were reported to Committee in October 2012.

- 3.2 Feedback from the local community was also sought on a number of issues, including how the Council could make residents more aware of job opportunities and the employment of local people – in particular on trainee and apprenticeship schemes. The Council publishes information on pay for permanent senior employees and the community was also asked to comment on the publication of earnings for senior temporary and agency workers in the same way. Residents were also asked for views as to whether or not the Council should use a pay multiple i.e. if there should be a limit on how much more the highest paid member of staff is paid compared to the lowest paid member of staff. A number of suggestions were made about what the Council could do to make the local community more aware of job opportunities. The majority of those responding were in favour of targeting employment schemes at the local community; requiring senior agency workers to declare their earnings and that the Council should consider using a maximum pay multiple.

#### **4. People Management Strategy**

- 4.1 The Council prides itself in being a good employer of choice. It's priorities for managing people are to ensure it has a skilled, engaged and flexible workforce, there are articulated in the Council's People Management Strategy objectives: Leading and engaging through change; Improving performance and New ways of working. A number of examples demonstrating success in achieving the objectives of the People Management Strategy include:
- The Council being largely representative of the community
  - The implementation of Single Status
  - Healthy turnover and attendance levels
  - Flexible and family friendly employment conditions
  - A workforce which is committed to the Council's objectives and the community
- 4.2 The Committee recognised that the Council does well in many areas in relation to terms of employment and pay.
- 4.3 Results of the recent Talkback (employee) survey show that the Council performs better than the norms for the public sector overall in a number of areas relevant to fairness including:

- Advocacy of the Council as an employer and its services
- Feeling valued
- 67% of respondents believe the Council values the diversity of its employees (against a sector norm of 52%)
- 80% of respondents said they feel the Council treats them fairly

4.4 This feedback from staff is very encouraging in the current economic climate and indicates that the majority of our staff consider the council to be a good and fair employer where both they and diversity are valued.

4.5 The Council's employment profile for 2011/12 shows that 50% of the Council's staff live in the borough and therefore are both employees and users of the Council's services. Importantly the Council's workforce is reflective of the social diversity of our community. As the largest employer in the Borough it sets an example to other employers, partners and the community to ensure those who are underrepresented in employment are provided with opportunities.

4.6 This is particularly pertinent in relation to the findings of the select committee on supporting young people and long term unemployed in gaining employment. A good example is the Council's Apprentice scheme which has been very successful. The scheme is targeted specifically at local applicants. The Council also participates in the National Graduate trainee scheme and the current recruitment drive will restrict one of the two placements being offered to Lewisham applicants. A families into work programme is currently being developed and will target local vulnerable families and long term unemployed people with the aim of getting local people into work. These initiatives reflect the priorities indicated in the feedback that the Committee has received from the local community.

4.7 Protocols are already in place that cover the majority of suggestions made by the community for advertising job opportunities including use of the council's website which is evidenced as the most popular and cost effective media.

## **5. Responses to recommendations on Pay and Employment practices**

### **5.1 Select Committee recommendation 1: assess the impact of redundancies**

The Fairness review recommended that when assessing the impact of redundancies, contracted and agency staff who are delivering council services should be included in any analysis undertaken.

## **Proposed response to recommendation 1**

The dependency on the use of agency staff has reduced over the last 12 months and continues to decline with expenditure decreasing by 26.7%. However, it is recognised that there is still a need for a mixed economy to allow for flexibility in service provision. Additionally, to minimise the level of redundancies service managers use agency placements in anticipation of future job losses. The Council has already introduced measures to monitor and analyse the impact of redundancies across the workforce.

In line with this recommendation, this analysis will in future include the impact of both contracted and agency staff who are delivering council services.

## **5.2 Select Committee recommendation 2: monitor employee pathways through the organisation**

The Fairness review recommended that where possible, employee pathways through the organisation should be monitored to ensure that there is scope within the organisation for employees to progress to more senior roles.

## **Proposed response to recommendation 2**

The Council already has in place strong workforce systems, procedures and processes to support staff progression through the organisation with scope to progress to senior management roles. Internal staff promotions are monitored through the annual employment profile. The Council's investment in internal development is reflected in the proportion of internal staff appointed to management positions and the promotion rate. The percentage of promoted employees has remained consistent as compared to last year, with 17.5% of internal staff being appointed to senior management positions PO6 and above. 23% of employees in the age band 16-20 have been promoted, this is mainly due to apprentices being appointed to permanent roles.

There are also a number of established career pathways including trainee schemes in accountancy, legal services, planning and social care. There are career grades schemes in ICT where the nature of the work offers greater flexibility and allows for generic job descriptions to be introduced with clearly defined career pathways.

The Council's current approach to succession planning and talent management has so far focused on identifying talented individuals and developing them by using innovative solutions through 'talent pools' of people, supported in their development to provide them with the capability to compete for senior roles at specific levels. Other initiatives include the Invest Scheme that was developed by graduates of the Future leaders Programme which matches people to projects providing

development opportunities for employees at all levels across the Council. Feedback from both project sponsors and 'Investors' has shown that it has given employees the opportunity to develop their skills and experience working in new areas across the Council.

Lewisham's more recent approach to leadership and management development has focused on individual interventions aimed at all levels of manager. A newly developed leadership and management development programme for middle managers will commence shortly. The outcomes from this will be monitored as part of the evaluation process.

An annual report from Human Resources will include the monitoring of outcomes against projected career paths for trainee schemes and apprentices working in the Council. Employees success will be tracked in relation to the career that they have trained in.

### **5.3 Select committee recommendation 3: management trainee scheme for local graduates**

The Fairness review welcomed the development of an in-house management trainee scheme for local graduates and proposed that the Committee should be kept updated on progress in implementing this.

#### **Proposed response to recommendation 3**

Lewisham continues to be one of the most attractive local authorities for graduates to join as part of the national graduate development programme (NGDP). The Council has already taken active steps towards targeting local residents or someone who has studied in the borough to be appointed to the scheme, the next cohort will see one set of candidates being targeted to Lewisham applicants who want to work for the Council.

Additionally, the mayor continues to look at options for supporting young people in the borough, the feasibility of offering a number of sponsored places on an undergraduate work placement scheme to start in September 2013 is currently being explored.

### **5.4 Select Committee recommendation 4: employment issues should be kept under review**

The Fairness review recommended the following be kept under review:

- The disproportionate impact of council redundancies on women
- The age profile of staff
- The employment of BME staff at senior levels
- The length of service of agency staff

#### **Proposed response to recommendation 4**

The Council already has systems in place to monitor and review the workforce in respect of these areas. Additionally these are all reported in the annual employment profile. This annual profile enables the Council to analyse and review the overall workforce needs. Corporate HR consider the regular monitoring of the workforce profile essential to ensure diversity and to develop workforce plans to address future needs.

The current HR service plan has objectives in respect of improving both the employment of senior BME staff and young people within the workforce.

The breakdown of redundancies in 2011/12 confirms the impact on women was higher than that of men across the Council, however this was due principally to the reductions in the in-house Home Care service which was predominately a female workforce. Data in respect of the next and future rounds of budget savings will be collated and reviewed in the same way.

The Mayor has asked officers to ensure that he is provided with a detailed workforce profile of those areas where there are any potential redundancies, prior to the next round of budget proposals. This will highlight any particular work areas where there may be a specific equalities impact prior to decisions being taken.

A full Equality Impact Assessment is also completed for each reorganisation within the Council both pre and post restructure, this includes information on gender, age, ethnicity and disability. This information is reviewed by each head of service.

Additionally, Directorate management teams receive monthly information which includes data on the employment of BME staff at senior levels, the number of young people joining and leaving the directorate together with the agency profile. These reports are reviewed by HR and each head of service on a monthly basis.

It is recognised that there are a number of agency assignments with long tenure and the Mayor has asked that Executive Directors review current agency placements over 12 months in tenure, and that this is done on a regular basis.

It is noted that the Employment Profile indicates that employees aged 25 and under have increased to 4% this year due in large to the success of the apprenticeship scheme. The age profile of agency workers for 2011/12 shows young people, age 25 and under at 9%, this is a helpful way of introducing young people to the workforce and equates to the number of young people in the Borough who represent 9.9% of the population according to the 2011 census.

In broad terms, the Council's employees reflect the diversity of the local community, this enables the Council to develop services that meet the needs of the community. Challenges exist in some areas such as representation of BME staff at more senior grades and this issue remains a priority for the People management strategy

In line with the recommendation all of the above will continue to be reviewed and reported on an ongoing basis.

#### **5.5 Select Committee recommendation 5: improve the involvement of school based staff in Council processes**

The fairness review recommended that the involvement of school staff in Council processes should be improved including their involvement in corporate engagement exercises, including surveys; have access to the Council's intranet and other information services in order for them to be able to access council policies and other corporate information.

#### **Proposed response to recommendation 5**

Schools have access to corporate policies as adapted by schools HR for use by schools via the Schools Intranet FRONTER. At the time of adapting or updating policies, schools would also be provided with a hard copy of the document. Due to IT and security issues it has not proved possible to provide schools with a direct access to the Council's intranet site.

In terms of employee surveys, schools have not, to date, been included. One reason for this is that school staff will complete the survey in terms of their immediate school environment and working experience which will be shaped by the senior leadership team, Governors and school policies. In responding, school staff will be relating to what the school has put in place rather than what the Council may have done. As a result, the collation of the responses with others from the Council might give a misleading position. The surveys would need adaptation in order to ensure they capture equivalent information and reflect appropriately the particular context of schools. A second issue is that schools employ in total more staff than the Council and this would be an additional cost that would need to be negotiated with schools. Most schools do their own staff surveys which give them direct and relevant feedback which they can act on immediately. Schools may question the direct usefulness of the Council's survey and therefore not be willing to pay for the general staff survey. Organisation and professional development in schools is a direct responsibility of the senior management and the Governors, including, for example any accreditation such as IIP.

## **5.6 Select Committee recommendation 6: introduce a set pay multiple**

The Fairness review proposed that the Independent Executive Remuneration Panel (IERP) agree a set pay multiple, any appointment (permanent or agency) that exceeds the multiple should be reported to the IERP.

### **Proposed response to recommendation 6**

The Hutton review on fair pay in the public sector considered a recommendation that organisations do not have a pay multiple higher than 20:1. The Council's current equivalent multiple is well below this figure at 12.6:1.

The Independent Executive Remuneration Panel (IERP) have considered the use of pay multiples and have drawn the conclusion that 12.6:1 is currently an appropriate level, taking into account the various roles in the Council.

The Panel is however considering a number of other recommendations on senior pay and will be reporting these in February at the time when the Council's pay statement is put to a meeting of the full Council. The Council's current pay statement makes provision for reporting the pay of senior officers, declaring the pay multiple and pay comparators with other organisations.

The recommendations of the Public Accounts Select Committee will be forwarded to the Council's IERP and in any case any appointments which are remunerated at a higher level than that reported to the IERP will be referred to the Panel.

## **5.7 Select Committee recommendation 7: the Council's pay and transparency rules should apply to agency staff**

The Fairness review recommended that agency staff should be required to submit themselves to the Council's pay and transparency rules. The public interest test should be deemed to apply, overruling any confidentiality requirements agreed between the staff member and their agency.

### **Proposed response to recommendation 7**

In line with the requirement to increase transparency of senior pay arrangements, the Council will publish information on an annual basis with details of salary bands of senior employees earning £75K per annum and above (approximately £100K per annum including on-costs). This information will be published in November and will include the job title and job role together with the relevant salary banding for the post.



In line with this recommendation it is intended to publish the cost to the Council of those senior interims/consultants which cost the Council the equivalent i.e. £100K per annum and over.

#### **5.8 Select committee recommendation 8: review the operation of the Works Council**

The Fairness review proposed that the operation of the Works Council should be reviewed and consideration given to how more formal contact with the Mayor can be incorporated.

#### **Proposed response to recommendation 8**

The Council is committed to maintaining effective employee relations and open communication with the trade unions and a number of informal and formal mechanisms are in place to support this. Informal meetings with the trade unions are held as required to discuss key issues. This enables the trade unions to raise their concerns directly with the Mayor.

The constitution and operation of the Works Council is currently being reviewed.

#### **6. Legal implications**

The Constitution provides for Mayor and Cabinet to consider reports from Select Committees and the proposed response from the relevant Executive Director. Any review of the Works Council as indicated in para 5.8 will be undertaken within the context of the Council's constitution and scheme of delegation.

#### **7. Crime and Disorder implications**

There are no specific implications arising out of this report.

#### **8. Equalities implications**

The Council is committed to ensuring that its employment practices promote and reflect the diversity of the workforce and the community. All the responses to the recommendations of the report take into account the impact of people management policies and practices on the Council's workforce. All the responses identify processes to ensure the Council promotes fair employment practices as well as access to opportunities while promoting a diverse workforce.

#### **9. Environmental implications**

There are no specific implications arising out of this report.

## **10. Financial implications**

There are no specific financial implications arising out of this report, however any proposals developed to offer sponsored undergraduate work placement opportunities will be fully costed.