

PERSONNEL COMMITTEE

Wednesday, 25th January, 2012

2.00 pm

Wantsum Room, Sessions House, County Hall,
Maidstone





AGENDA

PERSONNEL COMMITTEE

Wednesday, 25th January, 2012, at 2.00 pm
Wantsum Room, Sessions House, County
Hall, Maidstone

Ask for: **Geoff Mills**
Telephone **01622 694289,**
geoff.mills@kent.gov.uk

Tea/Coffee will be available 15 minutes before the start of the meeting **outside the meeting room**

Membership (8)

Conservative (6): Mr P B Carter (Chairman), Mr R W Gough (Vice-Chairman),
Mr D A Hirst, Mr A J King, MBE, Mr K G Lynes and
Mr J D Simmonds

Liberal Democrat (1): Mr T Prater

Labour (1) Mr G Cowan

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A. COMMITTEE BUSINESS

1. Substitutes
2. Declarations of Interests by Members in items on the Agenda for this meeting.
3. Minutes of the meeting held on 23 September 2011 (Pages 1 - 6)
4. Local Pay Bargaining 2012/2013 (Pages 7 - 12)
5. Localism Act - Openness and accountability in local pay (Pages 13 - 18)
6. Local Government Pension Scheme (LGPS) Discretions (Pages 19 - 24)
7. Annual Workforce Profile Update (Pages 25 - 32)

MOTION TO EXCLUDE THE PRESS AND PUBLIC

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the public)

8. Exempt Minutes of meetings (Pages 33 - 34)
 - (a) Meeting held on 23 September 2011
 - (b) Meeting held on 28 November 2011

9. Interim Appointment (Head of Internal Audit) (Pages 35 - 38)

Peter Sass
Head of Democratic Services
(01622) 694002

Tuesday, 17 January 2012

Please note that any background documents referred to in the accompanying papers may be inspected by arrangement with the officer responsible for preparing the relevant report.

KENT COUNTY COUNCIL

PERSONNEL COMMITTEE

MINUTES of a meeting of the Personnel Committee held at Sessions House, County Hall, Maidstone on Friday 23 September 2011

PRESENT: Mr P B Carter (Chairman), Mr G Cowan, Mr R W Gough, Mr T Prater, Mr K G Lynes, Mr J D Simmonds, Mr D Hirst and Mr A J King,

IN ATTENDANCE: Mrs A Beer (Corporate Director of Human Resources), Mr G Wild (Director of Governance and Law) and Mr G Mills (Democratic Services).

Also Present: Mr P Homewood

UNRESTRICTED ITEMS

30. Minutes

The unrestricted minutes of the meeting held on 18 May and 23 July 2011 were agreed as a true record and signed by the Chairman.

31. Presentation on Staff Awards

(item 4 – report by Mrs Amanda Beer, Corporate Director of Human Resources)

Consideration of this matter was deferred to a future meeting

32. Change to Keep Succeeding – Update

(item 5 - report by Mrs Amanda Beer, Corporate Director of Human Resources)

(1) Mrs Beer outlined the content of this report which provided members with an update on the Change to Keep Succeeding programme and outlined the progress on populating the senior level of the new operating framework. The report also gave details of the changes to staffing across the Authority since April 2011 and the development of values and behaviours and other culture change initiatives.

(2) Mrs Beer also provided details of the Kent Manager programme which will define management roles and provide an agreed benchmark that all KCC managers would have to work towards.

(3) During the course of discussion it was agreed that a report on the outcomes of the consultation exercise for the statements of required practice (SORPS) would be submitted to a future meeting of the Committee. It was

also agreed that updates on Change to Keep Succeeding would be a standing item of the agenda for future meetings of the Personnel Committee.

(4) Resolved that the content of the report be noted with it being further noted that there would be a report to a future meeting on the new SORPS programme with updates on Change to Keep Succeeding now being reported as a regular item to each meeting of the Committee.

33. Policy Update

- (a) Relocation Assistance Scheme
- (b) Suspension with Pay withheld
- (c) Facilities Agreement with Trades Unions

(Item 7 report by Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health) and Mrs Amanda Beer, Corporate Director of Human Resources) (Mr Ian Allwright, Policy Manager was present for this item)

(1) This report provided the Committee with an HR policy update on changes to the Relocation Assistance Scheme. The report also set out for consideration a proposal for a specific change to employment policy so as to allow the Council to suspend an employee with pay withheld. That clause would be used only in exceptional circumstance and presented a request for the Committee to endorse a recommendation to be taken to a meeting of the full Council as it involved a major change to terms and conditions of service. The report also asked the Committee to note, as an information item, the new Facilities Agreement that has been concluded with the Trades Unions.

(2) Following discussion of in particular the proposed policy change regarding suspension with pay withheld as detailed in paragraphs 2.9 and 2.10 of the report, it was agreed that consideration of this proposal should be deferred with a further report being submitted to the Committee's next meeting.

(3) Resolved that

(i) the proposed changes to the Relocation Assistance Scheme as outlined in the Committee report be agreed,

(ii) consideration of the proposed changes regarding suspension with pay withheld be deferred with a further report being submitted to the next meeting; and,

(iii) the proposed changes to the Facilities Agreement be noted.

34. Contractual Sick Pay

(item 7 - report by Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mrs Amanda Beer,

Corporate Director of Human Resources) (Mr Ian Allwright, Policy Manager was present for this item)

(1) This report provided the Committee with an analysis of the issues relating to contractual sick pay and invited Members to consider any further areas of modelling on staff absence.

(2) During the course of discussion members raised a number of points of detail related to the operation of the Council's scheme for the payment of contractual sick pay and concluded that before taking any formal decision on whether any changes should be made further work should be undertaken to review the policy against the background of a wider discussion on pay policy and terms and conditions. This was agreed

(3) Resolved that this matter be deferred so that any proposed changes to contractual sick pay can be reviewed against the background of a wider discussion on pay policy and terms and conditions. *(see also paragraph 35 below)*

35. Weekend and Out of Hours Working

(item 8 - report by Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mrs Amanda Beer, Corporate Director of Human Resources) (Colin Miller Reward Manager was present for this item)

(1) This report outlined proposed changes to payment for Weekend and Out of Hours Working.

(2) During the course of discussion members said that this report should be looked at in the context of the earlier item on contractual sick pay and the decision by members to have a broader discussion on pay policy and terms and conditions. Mr Carter said, and it was agreed that in order to give focus to such discussions consideration should be given to arranging an away day for members of the Committee.

(3) Resolved that consideration of this item be deferred and an away day for members of the Committee be arranged with the purpose of having a wide ranging discussion on pay policy and terms and conditions.

36. Organisational Development and People Plan

(item 9 - report by Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mrs Amanda Beer, Corporate Director of Human Resources) (Nigel Fairburn, Workforce Manager was present for this item)

(1) As part of the Change to Keep Succeeding programme, a number of strands of activity necessary to enable staff to deliver Bold Steps for Kent

and enhance KCC's place as an employer of choice have been identified and action plans for each are being developed. These strands come together to form KCC's Organisation Development & People Plan. The plan is about more than the HR/people management, and involves internal communication; branding; the working environment, including accommodation and equipment; and business processes and standards.

(2) Resolved that the Organisation Development and People Plan be endorsed and it be noted that action plans will now be developed.

37. Employing a Younger Workforce

(item 10 - report by Mr Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform and Mrs Amanda Beer, Corporate Director of Human Resources) (Nigel Fairburn, Workforce Manager and Nadia Lawes, GradsKent Project Officer were present for this item)

(1) This report outlined the County Council's achievements to date in employing a younger workforce, the challenges in the context of a contracting workforce, and potential future developments. Mr Fairburn said employing a younger workforce continued to be a priority for KCC and the following targets had been set.

- to employ and develop talented employees from all demographic groups, particularly individuals with high potential who will be successors for employees that leave the organisation
- to deliver high quality services by employing a workforce that reflects and understand the Kent communities it serves
- to address the number of young people who are NEETs (not in employment, education or training)

The challenge it was said was to increase the number of employees aged under 25 against a back cloth of a reduction in the overall number of employees.

(2) Nadia Lawes gave a presentation on the successful work of the GradsKent during which it was said now was an ideal opportunity for the Council to use its resources to promote Kent graduates by linking in with other large organisations such as the NHS and also the private sector.

(3) Following discussion the Committee resolved

(i) That KCC's approach to employing young people through work experience, Kent Success Apprenticeships, GradsKent, the Kent Graduate Programme and Greenhouse young people's group be noted,

(ii) That Human Resources develops a new route to employment that targets post A Level students,

(iii) The County Council should use its resources to promote Kent graduates by linking in with other large organisations such as the NHS and also the private sector; and,

(iv) an update be submitted to the Committee in 12 months time..

Exempt Items

The following are the **unrestricted** minutes of matters which the Committee resolved should be discussed pursuant to Section 100A of the Local Government Act 1972 (as amended) on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 1, 2 and 4 of part 1 of Schedule 12A of the Act.

38. The exempt minutes of the meeting held on 13 July 2011 were agreed as a true record and signed by the Chairman,

39. Extension to Contracts

(item 12 - report by Mrs Amanda Beer, Corporate Director for Human Resources)

(1) As part of the implementation of the Children's Service Improvement Plan and the 'next steps' strategy, use has been made of interim managers to help drive forward the improvement programme. This report provided an a summary of senior interims currently employed to support both the Children's Services Plan and Change to Keep Succeeding.

(2) Resolved that the interim arrangements outlined in the report be endorsed.

40. Section 151 Officer Conduct

(item 13 - report by Mrs Amanda Beer, Corporate Director for Human Resources and Mr Geoff Wild, Director of Governance and Law)

(2) The Committee resolved to note that this matter had now been brought to a conclusion.

41. Exercise of LGPS Employer Discretion

(item14 - report by Mrs Amanda Beer, Corporate Director for Human Resources)

Resolved that the Council should not exercise its discretion to extend the timescale within which the officer concerned may elect to transfer their pension beyond the current limit of 1 October 2011.

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By: Roger Gough – Cabinet Member for Business Strategy,
Performance and Health Reform
Amanda Beer – Corporate Director of Human Resources

To: Personnel Committee **Date:** 25 January 2012

Subject: Local Pay Bargaining – 2012/13

Classification: Unrestricted

Summary: This paper provides a summary of the position for this year's Local Bargaining process. Endorsement of the proposed increase is sought from Personnel Committee, prior to that from full Council.

1. BACKGROUND

- 1.1 Consultation began in September 2011 for what is now our well established local pay bargaining process. The continuing difficult financial climate together with the challenges Kent County Council face now and in the medium term have been key factors in the discussion with our recognised Trade Unions.
- 1.2 There was no national award last year, on the basis that it was 'unaffordable'. This year the Trade Unions' national submission is for a "substantial" settlement, however there is no explicit request for improved terms and conditions or priority to the lower paid. No response has yet been formally made by the Employers' side. It has been suggested that there is a mixed view of whether there should be no award or that a third year of pay freeze is not sustainable. The national position is unlikely to be any clearer before either Personnel Committee or County Council.
- 1.3 Inflation rates have been relatively high for some time, with the Consumer Price Index (CPI) currently at 4.8% and the Retail Price Index (RPI) slightly higher at 5.2%. According to forecasts from HM Treasury and Industrial Relations Service (IRS) these are expected to reduce to 2.2% and 2.9% respectively for 2012. Attached in Appendix 2, Table 1, is an illustration of RPI and CPI levels for the past 6 years.
- 1.4 The current rates of inflation in Table 1 together with the relative analysis of awards for the past 3 years between Kent and the National Joint Council are attached in Table 2, as Appendix 1.

- 1.5 Though the recent industrial action was initiated as a result of the proposed Pension scheme changes, there is a view that in fact it is a result of a culmination of factors; job security, terms and conditions changes, higher rates of inflation and 2 years of pay freeze as well as an increased pressure on fewer staff.
- 1.6 Approximately two thirds of employees will be eligible for pay progression under Total Contribution Pay, our new progression scheme based upon performance. As agreed a principle of the revised scheme was the funding level which was to be the same as the former increment system. This has a total value of 1.8%, albeit distributed to all staff, including those at the tops of their grades and according to levels of assessed performance. It is the top of the grade is the "rate for the job". In Table 2 of Appendix 2 is an illustration of the comparative position our 'tops of grades' have with the public sector.
- 1.7 The Chancellor has recently announced that Public Sector pay awards are to be a maximum of 1% when the current "freeze" comes to an end. Whilst not binding on Local Government or our own local bargaining it is a clear illustration of the context we are operating within. It is also recognised that there have been 2 consecutive years of 0%, though progression pay via Total Contribution Pay has been maintained.
- 1.8 Due to the circumstances described above it is proposed that there be a cost of living award of 1% for all, without any "loading" to any particular category of employee.

2. LOCAL PAY BARGAINING RESPONSE

- 2.1. The Trade Union local submission this year was a reflection of the national submission in that they seek a 'substantial settlement'. They have also requested that there be no further detrimental changes to terms and conditions of employment and a return to the incremental based pay structure. Consequently this report does not represent a jointly agreed recommendation to Personnel Committee, and discussions with trades unions will continue.

3. FUNDING

- 3.1 There is no explicit budget provision for a cost of living (General award). The cost of a 1% award is circa £3m and would need to come from the £9.097m identified in the draft budget for "emerging pressures".
- 3.2 Following the abolition of the proposed national body for Schools Support Staff, any Kent Scheme Award would also apply to schools based staff employed under Kent Scheme terms and conditions.

- 3.3 A review of terms and conditions of employment is to be used to generate at least £500k savings/contribution toward the 1% from April 2013. The precise terms and implications will be subject to review, consultation and ultimately for Personnel Committee to agree.
- 3.4 Pay progression funding has historically funded within Directorates from staff turnover. However in the current climate and with a reducing workforce over the past and future 12 months this will not be sufficient to fund the committed 1.8% pot. Therefore an additional £2m has been identified in the budget provision for 2012/13.

4. CONCLUSION

- 4.1 A proposed 1% general award does not meet the trade union expectation or predicted levels of inflation, but does take into account the Council's budgetary pressures and challenging economic conditions.

5. RECOMMENDATION

The Personnel Committee agrees to endorse and recommend to Council:

- 5.1 A pay award of 1% for 2012/13.
- 5.2 A savings target of £500k from a review of terms and conditions of employment from April 2013.

Paul Royel
Head of Employment Strategy
Ext 4608

Table 1. Current key economic data (Office of National Statistics)

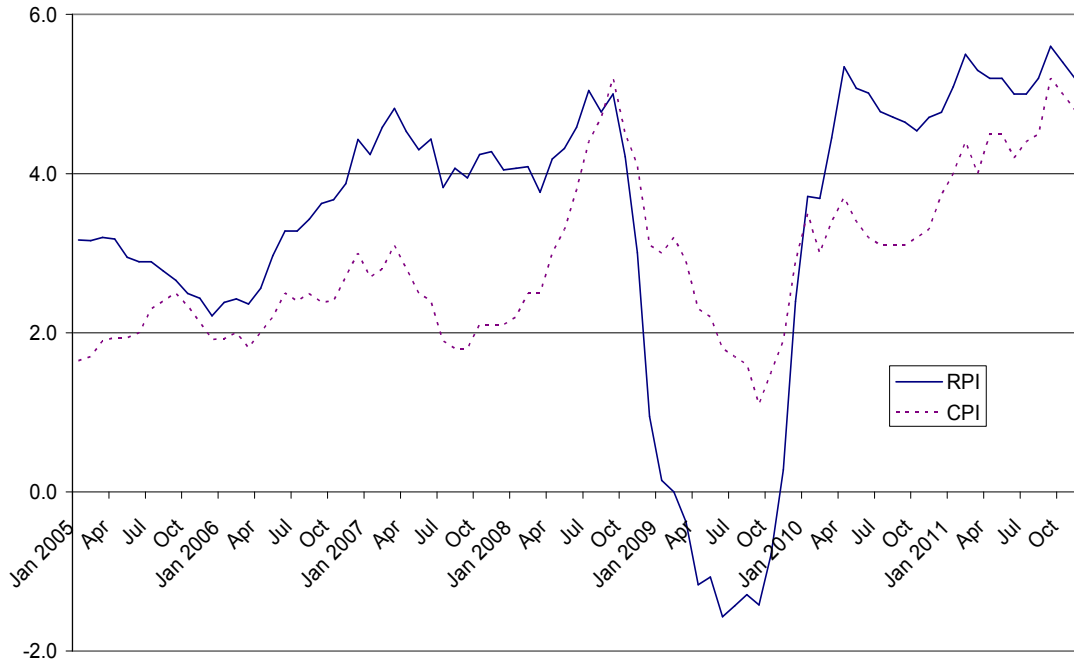
| Measure | Rate (%) |
|---|-----------------|
| RPI | 5.2 |
| CPI | 4.8 |
| Average Earnings Index (AEI) Whole Economy | 2.0 |
| AEI Public Sector | 2.1 |

Table 2. Comparison of National Joint Council (NJC) Cost of Living increases

| Scheme | 2009/10 | 2010/11 | 2011/12 |
|---------------|---|----------------|----------------|
| NJC | 1.0% (1.25% for under £14k) | 0% | 0% |
| KCC | 1.0% | 0% | 0% |

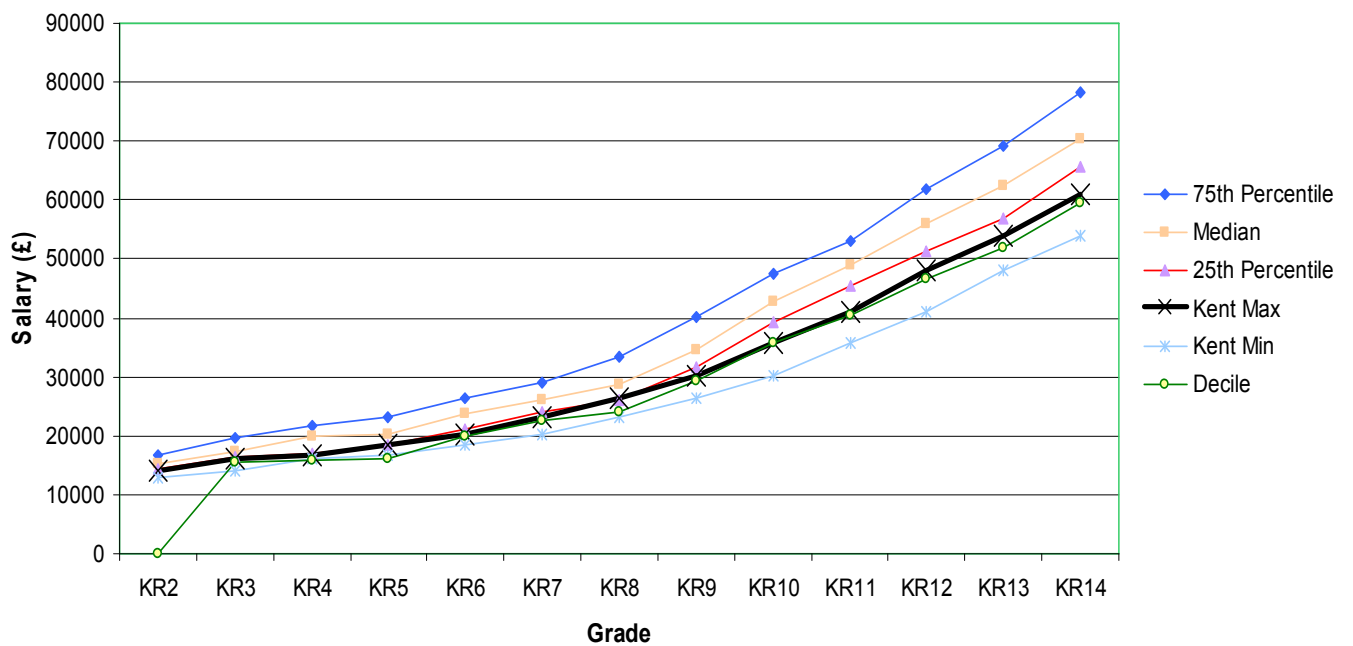
RPI & CPI

RPI & CPI - changes over 12 months



KCC Grades vs Hay Pay Data

Comparison of KCC Basic Salaries with a sample of UK Local Government and Public Sector Bodies (Sept 2011)



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By: Roger Gough – Cabinet Member for Business Strategy,
Performance and Health Reform
Amanda Beer – Corporate Director of Human Resources

To: Personnel Committee **Date:** 25 January 2012

Subject: Localism Act: Openness and accountability in local pay

Classification: Unrestricted

Summary: This paper addresses the actions KCC are required to make on pay as part of delivering its responsibilities under the Localism Act 2011.

1. **BACKGROUND**

- 1.1 An objective of the Act is to increase transparency of local pay. This requires councils to publish the salaries of senior officials, enabling local people to better understand how public money is being spent in their area.
- 1.2 The Act requires a local authority pay policy to be openly approved by democratically elected councilors.

2. **CONTENT OF REQUIRED STATEMENTS**

- 2.1 Authorities are required to prepare pay policy statements which cover in particular its approach towards its senior staff (or 'chief officers') and its lowest paid employees.
- 2.2 Pay policy statements must be in place by 31 March 2012. These statements must be:
 - prepared for each financial year, beginning with 2012/13
 - approved by Full Council
 - published on the authority's website.
- 2.3 The statement must include the authority's policies relating to:
 - (a) the level and elements of remuneration for each chief officer
 - (b) remuneration of chief officers on recruitment
 - (c) increases and additions to remuneration for each chief officer
 - (d) the use of performance-related pay (PRP) for chief officers
 - (e) the use of bonuses for chief officers
 - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority
 - (g) the publication of and access to information relating to remuneration of chief officers.

For the purpose of the Localism Act, a Chief Officer in KCC is defined as being at “Director level”. This includes the County Councils’ Corporate Directors and Directors.

- 2.4 Large salaries are deemed as being £100k or over.
- 2.5 Any large bonuses, above inflation pay rises, or hiring a person already in receipt of retirement or severance money should be publically justified. The authority should have an explicit policy in their pay statement on whether or not they allow such practices.
- 2.6 The provisions do not apply to the staff of local authority schools.
- 2.7 Authorities should include their current policy towards maintaining or reaching a specific pay multiple within their broader policy.

3. GUIDANCE

- 3.1 Pending additional guidance from Government, a number of interested parties and commentators have offered opinion on what could and should be included in the pay policy statement. Having used some of this additional guidance and the core of the Act a draft statement has been prepared and attached in Appendix 1.
- 3.2 It has been suggested that the statement could combine a number of other policy statements relating to termination payments and employer discretions over pension provision. However in the first year of publication this could be both ambitious and overly complex.
- 3.3 It is clear that statements can be adjusted within the year, and in any case must be reconsidered and agreed on an annual basis. It is therefore proposed that for the first year the statement is relatively concise and simple, anticipating that this will grow in scope and sophistication in coming years.

4. PAY MULTIPLE

- 4.1 The definition of pay multiple as defined in the ‘Code of Recommended Practice for Local Authorities on Data Transparency’ document is the ratio between the highest paid salary and the median average salary of the authority's workforce.

KCC's current Pay Multiple figure is 7.4 : 1. This excludes schools.

5. RECOMMENDATION

- 5.1 Personnel Committee recommend the attached Pay Policy Statement to County Council.

Colin Miller
Reward Manager
Ext 6056

Kent County Council Pay Policy Statement 2012-13

The Authority seeks to be able to recruit and retain staff in a way which is externally competitive and internally fair. The Kent Scheme pay policy applies in a consistent way from the lowest to the highest grade.

- The pay policy is influenced by a number of factors which include local pay bargaining, market information, market forces, economic climate, measures of inflation and budgetary position.
- The Kent scheme pay range consists of grades KR2 – KR20; details of which are attached.
- The details of the reward package for all Corporate Directors and Directors are published and updated on the County Council's web site.
- The appropriate grade for a job is established through a job evaluation process which takes into account the required level of knowledge, skills and accountability required for the role.
- The lowest point of KCC's grading structure (bottom of grade KR2) is set such that the hourly rate is above the National Minimum Wage.
- Staff who are new to the organisation must be appointed at the minimum of the grade unless there are exceptional reasons to appoint higher. These must be based on a robust business case in relation to the level of knowledge, skills and experience offered by the candidate and consideration is given to the level of salaries of the existing staff to prevent pay inequality. For senior staff any such business case must be approved by the relevant Corporate Director.
- Council signs off the pay structure. The subsequent appointment of individuals, including those receiving salaries in excess of £100k, is in accordance with the pay structure, the principles outlined in the pay policy, and in consultation with Personnel Committee.
- Staff who are promoted should be appointed to the minimum of the grade. However their pay increase should equate to at least 2.5%.
- All progression within a grade is subject to performance as assessed through Total Contribution Pay (TCP) process and a percentage awarded for each appraisal level. This applies to all levels in the Authority and there are no additional bonus schemes for senior managers.
- The award for each appraisal rating is set annually following the outcome of the appraisal process.

- People at the top of their grade have the opportunity to receive a pay award which is consistent with others who have the same appraisal rating. This amount will be paid separately and not built into base pay.
- The 'Lowest' paid employees are defined as those employees on the lowest pay point of KCC's lowest grade, KR2 (£12,903 for 2011-12). They receive relevant benefits and are remunerated in the same proportionate way as others.
- In order to establish the pay difference and the relative change in pay levels over time, a pay multiplier can be calculated. This is the base pay level of the highest paid employee shown as a multiple of the median Kent Scheme salary. This multiplier will be published on the County Council's website annually.
- KCC recognises that managers need to be able to reward performance in a flexible and appropriate way to the particular circumstances.
- Should it be shown that there is specific recruitment and retention difficulties, the Market Premium Policy may be used to address these issues.
- The Council would not expect the re-engagement of an individual who has left the organisation with a redundancy, retirement or severance package.
- Managers have delegated powers to make cash awards and ex-gratia payments when necessary and where not covered by any other provision as defined in the Blue Book.
- Termination payments and employer discretions under the Local Government Pension Scheme will be reviewed annually and published for all staff. These will be produced with the intention of only making additional payments when in the best interests of the Authority and maintaining consistency through all pay grades.

Pay Range

| £ (Maximum) | | £ (Minimum) |
|-------------|-------|-------------|
| £184,000 | KR 20 | £154,800 |
| £153,000 | KR 19 | £132,701 |
| £132,700 | KR 18 | £111,600 |
| £105,900 | KR 17 | £89,100 |
| £87,700 | KR 16 | £69,447 |
| £69,446 | KR 15 | £61,083 |
| £61,082 | KR 14 | £53,957 |
| £53,956 | KR 13 | £48,153 |
| £48,152 | KR 12 | £41,113 |
| £41,112 | KR 11 | £35,725 |
| £35,724 | KR 10 | £30,220 |
| £30,219 | KR 9 | £26,422 |
| £26,421 | KR 8 | £23,054 |
| £23,053 | KR 7 | £20,263 |
| £20,262 | KR 6 | £18,472 |
| £18,471 | KR 5 | £16,794 |
| £16,793 | KR 4 | £15,985 |
| £15,984 | KR 3 | £14,100 |
| £14,099 | KR 2 | £12,903 |

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By: Roger Gough – Cabinet Member for Business Strategy, Performance and Health Reform
 Amanda Beer – Corporate Director of Human Resources

To: Personnel Committee **Date:** 25 January 2012

Subject: Local Government Pension Scheme (LGPS) Discretions

Classification: Unrestricted

Summary: The Local Government Pension Scheme (LGPS) Regulations require KCC to review the employer discretions in the scheme on a regular basis and to make changes when appropriate.

1. INTRODUCTION

Under the requirements of the Pension Scheme each employer is required to publish its Employer Pension Discretions. These were last updated and agreed for the organisation in 2007. Since then there are 3 new Regulations that require employer discretion. The following will highlight the 3 new Regulations and proposed discretions along with a revised Schedule.

2. NEW DISCRETIONS

| Regulation | Policy |
|--|---|
| <p>13(5)(b)</p> <p>Scheduled bodies only</p> | <p>Short term contract</p> <p>Employees with employment contracts of 13 weeks or less are not allowed to automatically join the pension scheme. The discretion allow an individual to become a member of the scheme should their contract be extended and to pay contributions from the first day of joining.</p> <p>Proposed discretion</p> <p>A scheme member who was initially employed on a short term contract of less than 3 months and whose contract is then extended can elect to back date their date of joining provided that their election is made within 3 months of being notified of the extension. This time limit may be extended if the scheme member can demonstrate exceptional circumstances so as to justify this.</p> |
| <p>30A (3)</p> | <p>Early Payment</p> <p>Where a Tier 3 ill health benefit ceases to be paid it would not</p> |

| | |
|----------------------|---|
| | <p>normally be paid again until the scheme member's normal retirement age.</p> <p>This regulation allows an employer to agree to the early payment of the deferred benefits (previously Tier 3 ill health benefits) for a scheme member aged 55+.</p> <p>It is possible that the benefits would be actuarially reduced. In this situation it is unlikely that there would be a cost to the employer.</p> <p>If however it is not possible to actuarially reduce the benefits eg 85 year rule protection, there may be a cost to the employer.</p> <p>Proposed position</p> <p>It is not KCC's general policy to give consent to the early payment of benefits prior to age 60 to a deferred scheme member that had previously been awarded a Tier 3 ill health. However, each request will be considered on its merits.</p> |
| <p>30A(5)</p> | <p>Compassionate Grounds</p> <p>Where early payment of the deferred benefits has been agreed under Regulation 30A(3), and compassionate grounds apply, the employer can make a policy decision under this regulation to waive any actuarial reduction.</p> <p>The definition of 'Compassionate grounds' currently in the Blue Book is that the circumstances must be exceptional and would not reasonably be expected to prevail i.e. the occurrence of a disaster or accident etc. Financial hardship alone would not normally be deemed sufficient.</p> <p>Proposed position</p> <p>If it is determined that *compassionate grounds apply for the early payment of a deferred benefit to a scheme member that had previously been awarded a Tier 3 ill health, the benefits may be paid without reduction.</p> <p><i>* The definition of compassionate grounds is determined by each employer. The cost of the early payment of unreduced benefits will be charged to the employer</i></p> |

2. IMPLICATIONS

2.1 Regulation 13(5)(b)

Although this is the first time Regulation 13(5)(b) has been written into these discretions KCC has been implementing the regulation for many years.

Regulation 13(5)(b) is not likely to have a significant impact and is in effect what KCC has been implementing for a number of years. Analysis indicates that there were no cases of this applying in the last financial year.

The costs to KCC will only apply should that individual decides to pay employee contributions for the earlier employment period to gain more pensionable service.

2.2 Regulation 30 A(3)

It should be noted that no significant increase in expenditure is anticipated for Regulations 30A(3). Individuals who re-apply after the completion of the three year Tier 3 benefit payments, i.e. their condition has deteriorated will be referred to Staff Care Services and it is only the cost of the referral which will be paid by the organisation.

2.2 Regulation 30 A(5)

It should be noted that no significant increase in expenditure is anticipated for Regulations 30A(5). This is due to the definition used for compassionate grounds.

3 RECOMMENDATION

3.1 Personnel Committee endorse the wording of the updated Schedule for Employer Policy Discretions.

Colin Miller
Reward Manager
Ext 6056

Schedule of Kent County Council Employer Policy Decisions

The Local Government Pension Scheme (Administration) Regulations 2007

| Regulation | Policy |
|--|---|
| 13(5)(b) Scheduled bodies only | A scheme member who was initially employed on a short term contract of less than 3 months and whose contract is then extended can elect to back date their date of joining provided that their election is made within 3 months of being notified of the extension. This time limit may be extended if the scheme member can demonstrate exceptional circumstances so as to justify this. |
| 16(4)(b)(ii) | If a scheme member wishes to aggregate the most recent of their periods of previous scheme membership with their current membership, the election to do so must be made within 12 months of the Pension Section being notified that they have become an active member of the Kent Scheme. This time limit may be extended if the scheme member can demonstrate exceptional circumstances so as to justify this. |
| 22(2) | Scheme members who have the option to pay contributions in respect of a period of unpaid absence must elect to do so within 30 days of the date of the notice issued to them. This time limit may be extended if the scheme member can demonstrate exceptional circumstances so as to justify this. |
| 25(3) | It is not KCC's policy to operate a shared cost AVC scheme for employees. |
| 83(8) | If a scheme member wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, the election to do so must be made within 12 months of the Pension Section being notified that they have become an active member of the Kent Scheme. This time limit may be extended if the scheme member can demonstrate exceptional circumstances so as to justify this. |

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

| | |
|----|---|
| 12 | It is not KCC's general policy to grant additional pension scheme membership to scheme members under this regulation. However each case will be considered on its merits and so on occasion additional membership may be awarded. |
| 13 | It is not KCC's general policy to grant additional pension to scheme members under this regulation. However each case will be considered on its merits and so on occasion additional pension may be awarded. |

- 18(1) Each request to take flexible retirement will be considered on its merits. The effect on service delivery will be taken into account when making a decision.
- 18(3) If consent has been given under Regulation 18(1), it is not KCC's general policy to waive, in whole or part, any actuarial reduction to the scheme member's benefits.
- 30(2) It is not KCC's policy to give consent to the immediate payment of benefits to a scheme member who voluntarily retires prior to age 60 unless there is a demonstrable benefit to the organisation which would take full account of any extra costs.
- It is not KCC's general policy to give consent to the early payment of benefits to a deferred scheme member prior to age 60. However each request will be considered on its merits.
- 30(5) If it is determined that *compassionate grounds apply for the early payment of benefits, the benefits may be paid without reduction.
- * The definition of compassionate grounds is determined by each employer. The cost of the early payment of unreduced benefits will be charged to the employer*
- 30A (3) It is not KCC's general policy to give consent to the early payment of benefits prior to age 60 to a deferred scheme member that had previously been awarded a Tier 3 ill health. However each request will be considered on its merits.
- 30A(5) If it is determined that *compassionate grounds apply for the early payment of a deferred benefit to a scheme member that had previously been awarded a Tier 3 ill health, the benefits may be paid without reduction.
- * The definition of compassionate grounds is determined by each employer. The cost of the early payment of unreduced benefits will be charged to the employer*

Under Regulation 66(1) of the Local Government Pension Scheme (Administration) Regulations 2007, it is compulsory for all employers to make a policy decision under Regulations 12, 13, 18, and 30.

Under Regulation 66(2) a copy of the policies must be made available to the Pensions Section and be publishable to their scheme members on request.

Under Regulation 66(3) employers must keep the policies under review and make any appropriate changes.

Under Regulation 66(4) any amendments to these policies must be made available to the Pensions Section and to scheme members within a month of the date of change.

**The Local Government (Early Termination of Employment)
(Discretionary Compensation) (England and Wales) Regulations 2006**

| Regulation | Policy |
|-------------------|---|
| 5 | Where a redundancy payment is due under the 1996 Act, it is KCC's general policy that calculation be made using the actual weekly rate of pay rather than the statutory maximum in place at the time. |
| 6 | It is not KCC's general policy to award lump sum compensation under this regulation |

Under Regulation 7(1) of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, it is compulsory for all scheduled bodies to formulate, publish and keep under review the policy that they apply in the exercise of their discretionary powers under regulations 5 and 6 (this does not apply if you have an Admission Agreement with the Kent Pension Fund)

Under regulation 7(2), if the scheduled body decides to change their policy, they must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.

By: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform
Amanda Beer – Corporate Director of Human Resources

To: Personnel Committee

Date: 25 January 2012

Subject: Annual Workforce Profile Update Report

Classification: Unrestricted

Summary: This report provides a mid-year update to the workforce profile report. Specific attention has been paid to the reductions in staffing numbers, particularly in Non-schools.

1. Introduction

This committee receives a detailed workforce profile report in May of each year and has requested an update on trends midyear. This report provides an interim update on some of the key staffing indicators, based on the latest information available. It concentrates on key indicators in a time of significant change.

The first half-year has seen a significant reduction in staffing levels, in both the Schools and Non-schools sectors.

2. Headlines

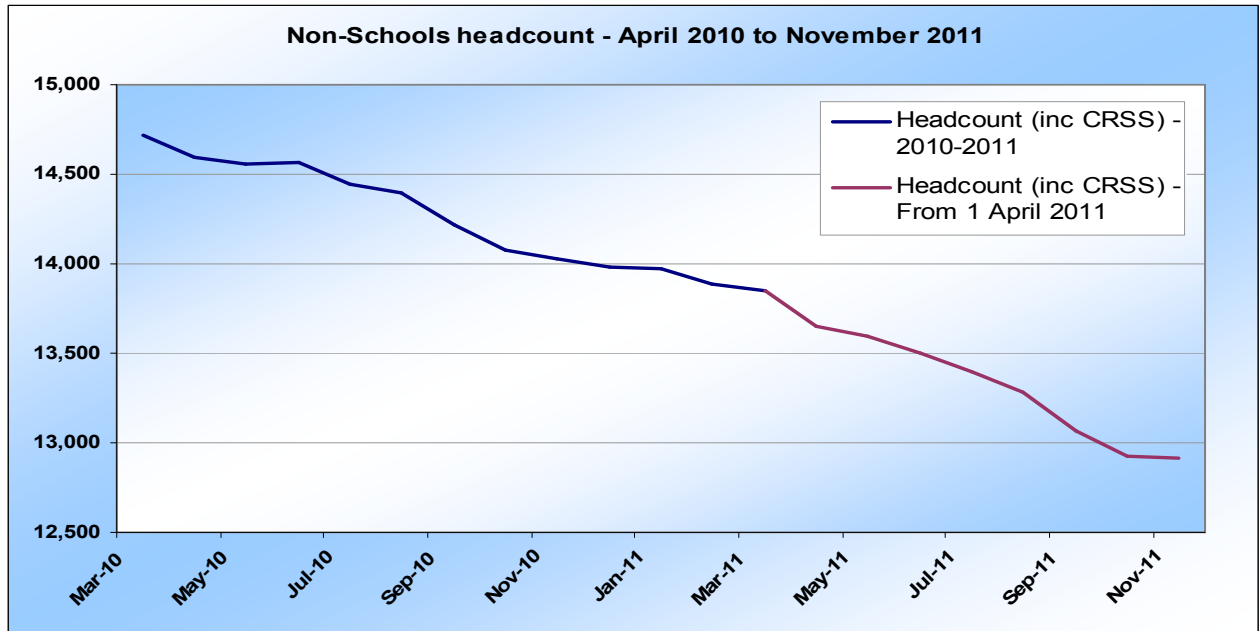
- **Reductions of over 2,200 FTE across the Authority, including schools, since the beginning of the financial year.**
- **570 FTE reduction in non-schools.**
- **The remaining reduction of 1,630 FTE was almost entirely due to a number of Schools adopting Academy status.**
- **Directorate staffing reductions vary from 2.9% to 10.0% since 1 April 2011.**
- **15.8% of staff are aged 30 and under**
- **Sickness levels remain favourable against other public sector organisations**
- **Turnover is predicted to reach 17% - 18% this year**

Since the beginning of the financial year, KCC staffing levels have reduced by over 3,100 employees (-7.7%), which equates to over 2,220 FTE (-8.2%). The Non-Schools sector has reduced by just over 820 staff (-6.0%), just over 570 FTE (-5.7%). If comparisons are made with the end of the last financial year, the headcount reductions are even greater at 4,184 (-9.9%) and 937 (-6.8%) respectively, which create an FTE reduction of 2,869.1 (-10.3%) and 647.9 (-6.4%).

3. Reductions in staffing levels

3.1. Reductions in KCC staffing levels

KCC staffing levels have continued to decline this year, in both schools and non-schools. The reduction in headcount for non-schools is shown in the graph below.



Details of changes in KCC staffing levels are shown in the tables below.

| KCC staffing levels March 11 & April 11 to November 11 (Headcount) | | | | | | | |
|--|--------|--------------|--------|-------------------------|---------------------------|-------------------------|---------------------------|
| | Mar-11 | 1 April 2011 | Nov-11 | Change Mar 11 to Nov 11 | % Change Mar 11 to Nov 11 | Change Apr 11 to Nov 11 | % Change Apr 11 to Nov 11 |
| Headcount (Non-Schools) | 13,850 | 13,740 | 12,913 | -937 | -6.8% | -827 | -6.0% |
| Headcount (inc. Schools) | 42,432 | 41,434 | 38,248 | -4,184 | -9.9% | -3,186 | -7.7% |

**Headcount figures include Casual, Relief, Sessional and Supply (CRSS) staff*

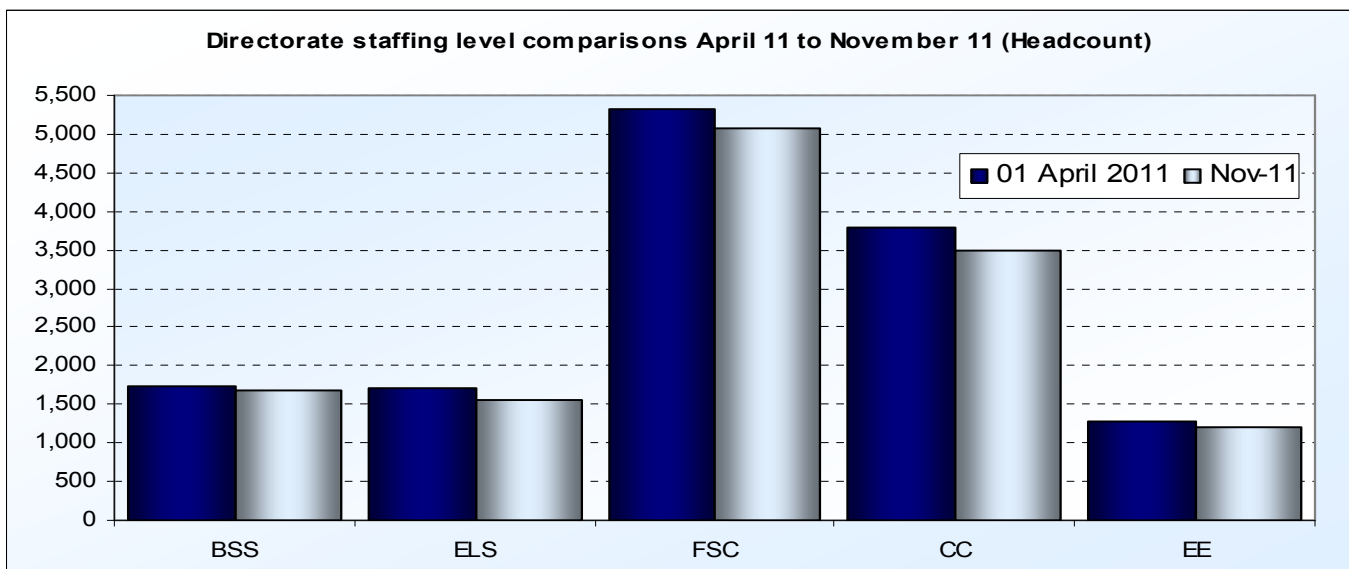
| KCC staffing levels March 11 & April 11 to November 11 (FTE) | | | | | | | |
|--|----------|--------------|----------|-------------------------|---------------------------|-------------------------|---------------------------|
| | Mar-11 | 1 April 2011 | Nov-11 | Change Mar 11 to Nov 11 | % Change Mar 11 to Nov 11 | Change Apr 11 to Nov 11 | % Change Apr 11 to Nov 11 |
| FTE (Non- Schools) | 10,060.9 | 9,983.1 | 9,413.0 | -647.9 | -6.4% | -570.1 | -5.7% |
| FTE (inc. Schools) | 27,845.2 | 27,193.9 | 24,976.1 | -2,869.1 | -10.3% | -2,217.8 | -8.2% |
| | | | | | | | |

3.2. Reductions in Directorate staffing levels

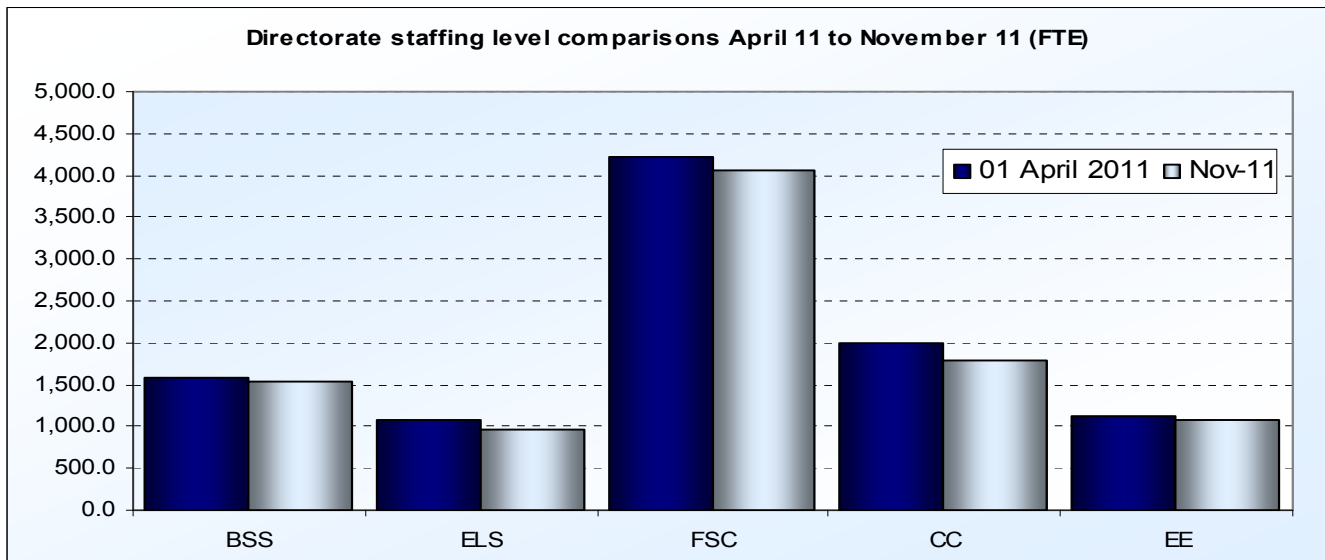
All Directorates have shown reductions in Headcounts and FTE since the beginning of the financial year. Details of changes are shown in the tables below.

| Directorate staffing levels April 2011 to November 2011 (Headcount) | | | | | | | | | | |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|-------------------------|---------------------------|
| | 01 April 2011 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Change Apr 11 to Nov 11 | % Change Apr 11 to Nov 11 |
| BSS | 1,743 | 1,736 | 1,727 | 1,717 | 1,709 | 1,695 | 1,683 | 1,684 | -59 | -3.4% |
| ELS | 1,701 | 1,697 | 1,678 | 1,663 | 1,657 | 1,566 | 1,563 | 1,556 | -145 | -8.5% |
| FSC | 5,326 | 5,280 | 5,236 | 5,207 | 5,176 | 5,161 | 5,072 | 5,075 | -251 | -4.7% |
| CC | 3,800 | 3,721 | 3,715 | 3,667 | 3,634 | 3,534 | 3,498 | 3,488 | -312 | -8.2% |
| EE | 1,279 | 1,267 | 1,256 | 1,249 | 1,212 | 1,219 | 1,217 | 1,217 | -62 | -4.8% |

**If a member of staff works in more than one directorate they will be counted in each. However, they will only be counted once in the Non-Schools total and once in the KCC total.*



| Directorate staffing levels April 2011 to November 2011 (FTE) | | | | | | | | | | |
|---|---------------|---------|---------|---------|---------|---------|---------|---------|-------------------------|---------------------------|
| | 01 April 2011 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Change Apr 11 to Nov 11 | % Change Apr 11 to Nov 11 |
| BSS | 1,587.7 | 1,579.1 | 1,575.1 | 1,563.4 | 1,558.1 | 1,546.4 | 1,537.1 | 1,541.1 | -46.6 | -2.9% |
| ELS | 1,067.9 | 1,063.8 | 1,044.4 | 1,032.3 | 1,026.2 | 961.9 | 966.2 | 962.6 | -105.3 | -9.9% |
| FSC | 4,212.2 | 4,188.8 | 4,156.6 | 4,135.9 | 4,120.9 | 4,110.6 | 4,055.0 | 4,055.9 | -156.3 | -3.7% |
| CC | 1,985.8 | 1,959.9 | 1,941.4 | 1,898.6 | 1,886.0 | 1,854.8 | 1,818.8 | 1,786.3 | -199.5 | -10.0% |
| EE | 1,129.5 | 1,118.8 | 1,109.0 | 1,102.2 | 1,067.1 | 1,071.4 | 1,067.7 | 1,067.1 | -62.4 | -5.5% |



3.3. Staff demographics – update

With a significant level of reduction in staffing, it is important that staff demographics are monitored to ensure there is not a disproportionate impact on any particular part of the workforce. The data presented below suggests that there is no such disproportionate impact.

3.3.1. Gender

Almost three-quarters on Non-schools staff are female and just over half of the Leadership Group (LG) are female. FSC has the highest proportion of females and Enterprise and Environment has the lowest.

| | Non-Schools | | | BSS | CC | EE | ELS | FSC |
|------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|
| | Sep-10 | Mar-11 | Sep-11 | Sep-11 | Sep-11 | Sep-11 | Sep-11 | Sep-11 |
| % of Female Staff | 74.6% | 74.8% | 74.7% | 66.0% | 68.9% | 38.6% | 79.2% | 87.5% |
| % of Female Staff (LG) | 50.7% | 51.8% | 51.9% | 50.4% | 41.8% | 26.3% | 52.8% | 72.6% |

3.3.2. BME

The proportion of BME staff varies across Directorate, from 2.3% in ELS to 6.1% in FSC, with a non-schools figure of 5.0% at the end of the first half-year.

| | Non-Schools | | | | BSS | CC | EE | ELS | FSC |
|---------------------|-------------|--------|--------|--|--------|--------|--------|--------|--------|
| | Sep-10 | Mar-11 | Sep-11 | | Sep-11 | Sep-11 | Sep-11 | Sep-11 | Sep-11 |
| % of BME Staff | 4.6% | 4.8% | 5.0% | | 5.1% | 4.6% | 3.4% | 2.3% | 6.1% |
| % of BME Staff (LG) | 4.2% | 4.5% | 4.7% | | 3.5% | 3.9% | 11.8% | 0.0% | 5.4% |

3.3.3. Disability

At the end of September 2011, 4.1% of Non-schools employees were disabled. The figure for the Leadership Group was slightly lower, at 4.0%. Please note that the percentages shown in September 10 and March 11 are based on staff who stated that they considered themselves to be disabled under the terms of the DDA.

The monitoring system was changed to include all staff who considered themselves disabled (not just those considering themselves disabled under the terms of the DDA) and the September 11 figures reflects this change.

| | Non-Schools | | | | BSS | CC | EE | ELS | FSC |
|---------------------|-------------|--------|--------|--|--------|--------|--------|--------|--------|
| | Sep-10 | Mar-11 | Sep-11 | | Sep-11 | Sep-11 | Sep-11 | Sep-11 | Sep-11 |
| % of DDA Staff | 2.6% | 2.6% | 4.1% | | 4.6% | 4.2% | 3.7% | 3.6% | 4.0% |
| % of DDA Staff (LG) | 3.4% | 2.7% | 4.0% | | 6.0% | 0.0% | 0.0% | 3.4% | 5.4% |

4. Performance Management

Levels of sickness absence are another important measure in monitoring both staff wellbeing and management effectiveness in times of change. The latest position on absence is shown below. Another performance management measure is the level of disciplinary cases and grievances and harassment issues being raised through formal procedures. This data is presented to Personnel Committee regularly in a separate report. In times of significant change levels of these sorts of employee relations issues could be expected to rise, however, no significant variation from normal levels of activity is currently evident.

4.1. Sickness Levels

The full year projection for sickness within Non-schools is in the region of 7.5 days per FTE, based on year-to-date figures. By comparison, the sickness level for non-school based staff in 2010-11 was 7.84 days per FTE. Directorate results are expected to vary between 4.5 and 9.5 days per FTE.

Directorate sickness levels rose slightly during Quarter 2, with the exception of Enterprise and Environment, where a slight fall was recorded.

| | Apr – Jun 2011 | Jul – Sep 2011 |
|--------------------|----------------|----------------|
| Non Schools | 1.78 | 1.98 |
| BSS | 1.05 | 1.21 |
| ELS | 1.92 | 2.01 |
| FSC | 2.19 | 2.50 |
| CC | 1.52 | 1.69 |
| EE | 1.63 | 1.59 |

Source: Oracle HR - Performance Indicators (calculated for Non-Schools based staff).

5. Organisational Health

5.1. Leavers and Turnover Rates

Monitoring of the non-schools sector indicates over 1,000 leavers in the first half-year, which equates to around 8.8%. Using this base the projected turnover for the year will be in the region of 17% to 18%.

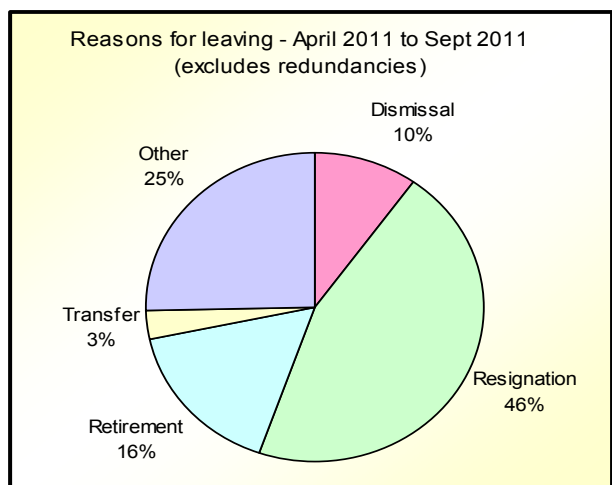
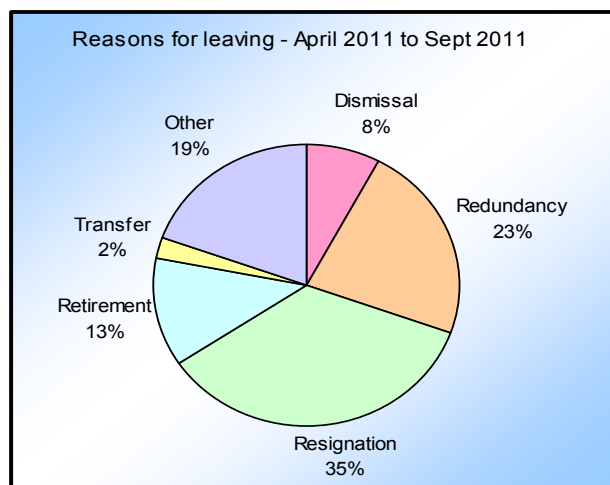
Turnover in the first half-year was highest in ELS and lowest in BSS. The figures below are based on Performance Indicators which exclude Casual Relief, Sessional and Supply staff.

| | BSS | CC | EE | ELS | FSC | Non-Schools |
|-----------------------------|-------|-------|-------|-------|-------|--------------|
| Leavers since 01-Apr-11 | 93 | 258 | 123 | 165 | 390 | 1,026 |
| Qtr 2 Rolling Turnover % | 5.5% | 10.2% | 10.7% | 12.2% | 7.9% | 8.8% |
| Projected Annual Turnover % | 11.0% | 20.4% | 21.4% | 24.4% | 15.8% | 17.6% |

5.2. Reasons for leaving

The reasons for leaving are shown below. These figures include Casual Relief, Sessional and Supply staff.

| Grouping | Count | Proportion | Proportion (with leaving reason of redundancy excluded) |
|--------------------|--------------|----------------|---|
| Dismissal | 99 | 7.71% | 10.00% |
| Redundancy | 294 | 22.90% | |
| Resignation | 447 | 34.81% | 45.15% |
| Retirement | 163 | 12.69% | 16.46% |
| Transfer | 31 | 2.41% | 3.13% |
| Other | 250 | 19.47% | 25.25% |
| Total | 1,284 | 100.00% | 100.00% |



5.3. Vacancies

The table below shows the number of vacancies that were actively being recruited to each month in the first half-year. There was slight increase in activity in August as FSC were advertising vacancies of over 26 FTE in OP&PD and over 17 FTE in Specialist Children's Services that month. On average, vacancies of around 86.4 FTE were advertised each month.

| Month | Vacancies (Actively recruiting to) | |
|--------|------------------------------------|----------------------|
| | FTE | as % of budgeted FTE |
| Apr-11 | 85.8 | 0.86% |
| May-11 | 65.7 | 0.66% |
| Jun-11 | 73.9 | 0.74% |
| Jul-11 | 96.7 | 0.97% |
| Aug-11 | 104.5 | 1.05% |
| Sep-11 | 91.7 | 0.92% |

Source: Vacancy monitoring

6. Supporting 'Bold Steps for Kent'

6.1. Age Profiles

As at September 2011, around one in 15 of staff non-school based staff were aged 25 or under and approximately one sixth of staff were aged 30 or under.

Almost 40% of staff were aged 50 or over and this proportion rose to over 50% for the Leadership Group (LG).

| Staff Breakdown | Sep-10 | Mar-11 | Sep-11 | Change Sep10 to Sep11 | % Change Sep10 to Sep11 |
|-----------------------------------|--------|--------|--------|-----------------------|-------------------------|
| % of Staff aged 25 and under | 7.8% | 7.6% | 6.9% | -0.9% | -11.5% |
| % of Staff aged 30 and under | 16.7% | 16.5% | 15.8% | -0.9% | -5.4% |
| % of Staff aged 30 and under (LG) | 0.3% | 0.0% | 0.3% | 0.0% | 0.0% |
| % of Staff aged 50 and over | 39.4% | 39.3% | 39.8% | 0.4% | 1.0% |
| % of Staff aged 50 and over (LG) | 54.3% | 54.7% | 52.5% | -1.8% | -3.3% |

Source: Oracle HR (Performance Indicators: Non-Schools excluding Casual Relief, Sessional & Supply staff)

7. Recommendations

The Personnel Committee is asked to note the changes to KCC's staffing profile during the financial year to date shown in this report.

Teresa McCarthy
Strategic Business Information Manager
Ext 4537

By virtue of paragraph(s) 1, 2, 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 8

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 9

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